



City Council Staff Report

Subject: FY25 Final Budget Adoption
Authors: Budget Department
Department: Budget, Debt & Grants, Human Resources
Date: June 20, 2024

Recommendation

City Council will take public input, hold a public hearing, and consider adopting the Final FY25 Budget, the FY24 Adjusted Budget, Budget Policies, Fee Changes, and Elected and Statutory Officer Compensation as discussed in the last work session held on [June 6, 2024](#).

Executive Summary

The FY25 Budget reflects months of collaborative work with the City Council and numerous City departments, and below is a review of the key steps included within the FY25 Budget process:

- **Revenue Projections:** The Budget Department begins by forecasting the City's expected revenue for the upcoming fiscal year. The forecasting model incorporates local, national, and global economic trends. The model helps project revenues for ongoing operational expenses and capital initiatives and has proven accurate in predicting economic conditions;
- **Department Requests:** Managers, after working with the City Council's priorities and following the Annual Retreat discussions, submit annual budgetary requests outlining any new or additional needs for the upcoming fiscal year;
- **Results Team Review:** An internal committee of employees from across the City, known as the Results Team, reviews and scrutinizes departmental requests and makes recommendations to the City Manager based on alignment with City Council and community goals;
- **Executive Team Refinement:** The Executive Team receives the Results Team's recommendations and holistically reviews to ensure alignment with City Council and community goals; and
- **Council Review, Discussion, and Adoption:** Draft budgetary information is presented to the City Council for review and modification over several months. Following refinements, the tentative and final budgets are adopted in May and June, respectively, as Utah law requires.

Park City's budget development process emphasizes transparency and collaboration and is considerably longer than peer communities.

The FY24 Adjusted Budget, which is an attempt to "close-out" the existing budgetary aspects of the fiscal year, included minor departmental adjustments, roll forward of grant

funds, and grant recognition in capital projects and previously approved items in Transportation.

Analysis

The economic recovery in the wake of the COVID-19 pandemic led to several strong years of increased revenue growth, particularly in sales tax revenue. While Park City’s economy remains strong, we anticipate “higher than normal” revenue growth to level off in the coming year. For FY25, we project remaining revenue growth of over \$2M (4%) over FY24 in the City’s General Fund.

Despite General Fund revenue growth stabilizing in FY25, we have not sought ways to cover the increasing cost of services with additional burden on taxpayers. In fact, with the retirement of a general obligation bond, it is important to note that Park City property taxpayers will realize savings on the PCMC portion of their property tax bill in FY25. This will equate to approximately -\$68 for the average primary home and -\$125 for a non-primary or business property (a median house in Park City is now ~\$2.3M).

While property and sales taxes are the largest revenue sources for the General Fund, the City’s Water Fund relies primarily on fees for services to recover the increasing costs of delivering high-quality water to homes and businesses. While a recent rate study from a third-party consultant supported a 10% water rate increase to generate additional revenue, it also indicated there were several alternatives to generate revenue beyond a rate increase or reducing costs.

For FY25 and after considerable City Council deliberation, rate payers will only see a modest 4.5% increase on their bill. Additional resources from the General Fund and a pending grant have been budgeted to supplement the Water Fund in FY25 and ensure we maintain infrastructure and our high levels of customer service.

Expenditure Summary - All Funds							
	Actuals FY 2021	Actuals FY 2022	Actuals FY 2023	YTD Actuals FY 2024	Original Budget FY 2024	Adjusted Budget FY 2024	Original Budget FY 2025
Personnel	\$37,530,863	\$41,409,399	\$50,290,017	\$51,152,267	\$56,060,298	\$56,217,999	\$61,521,762
Mat, Suppls, Services	\$22,851,721	\$22,169,453	\$25,774,813	\$22,863,495	\$31,485,557	\$32,200,057	\$33,132,685
Capital Outlay	\$429,591	\$526,103	\$853,785	\$919,875	\$1,172,832	\$1,291,658	\$818,127
Contingency	\$172,741	\$24,600	\$0	\$60,000	\$300,000	\$300,000	\$300,000
TOTAL	\$ 60,984,916	\$ 64,129,555	\$ 76,918,615		\$ 89,018,687	\$ 90,009,714	\$ 95,772,574
Capital	\$61,354,362	\$51,495,991	\$51,092,396	\$33,147,882	\$80,950,734	\$172,701,436	\$84,053,629
Debt Service	\$19,373,212	\$20,557,556	\$20,260,179	\$19,668,932	\$25,857,617	\$26,404,663	\$24,800,480
Interfund Transfer	\$19,689,126	\$23,094,790	\$23,504,884	\$20,129,508	\$21,181,296	\$23,672,793	\$21,152,180
Ending Balance	\$128,955,482	\$167,922,695	\$230,280,047	\$0	\$76,340,418	\$106,364,588	\$69,399,758
TOTAL	\$ 229,372,182	\$ 263,071,032	\$ 325,137,506		\$ 204,330,065	\$ 329,143,480	\$ 199,406,047
COMBINED TOTAL	\$ 290,357,098	\$ 327,200,587	\$ 402,056,121	\$ -	\$ 293,348,752	\$ 419,153,194	\$ 295,178,621

FY25 Operating Budget: Prioritizing People, Existing Services, and Focus on Strategic Initiatives.

As discussed on [April 25, 2024](#), this year’s operating budget prioritizes four key areas:

1. **Maintaining Core Programs:** The budget ensures the continuation of essential city services relied upon by residents daily;
2. **High Levels of Service:** We remain committed to delivering excellent customer service and accountability across all departments;
3. **Investing in Our Workforce:** Recognizing the importance of employees, the budget implements most of the recommendations from the third party, or NFP, compensation study; and
4. **Refocus on Community Initiatives:** Refocusing internal resources over time to better focus upon and pursue complex community initiatives. These include Clark Ranch P3, Senior Center P3, 5-acre site in Bonanza, Gordo P3, Recreation P3, Main Street Area Planning, RMP Undergrounding and Relocation, Recreate SR-248, potential City Hall relocation, 2034 Olympic Readiness, and much more.

Unlike the last few years, we did not recommend many new positions, programs, or initiatives. Instead, we focused on accommodating the existing needs of departments to keep pace with inflationary increases, maintaining high customer service standards, and focusing on moving critical projects forward.

FY25 Operating Budget Requests (General Fund)	
New Material, Services & Supplies	
Requests	\$ 300,950
Same Level of Service Requests	\$ 250,641
New Personnel Requests	\$ 172,824
One-Time Expenses	\$ 366,800
Contractual Obligations (mandatory)	\$ 145,323

For a comprehensive list of Operating Budget requests, please see Exhibit A.

[To view the complete Park City budget by fund click here 'FY25 Fund Summaries'.](#)

FY25 Capital Budget

The capital budget overview was presented on [April 11, 2024](#), and focused on collaboration and coordination between City Council, project managers, the Budget Team, and the CIP Committee. Over the last few months, managers shared plans, projects, and initiatives shaping the FY25 capital budget requests. We approached this year's capital budget through a zero-based budget lens.

In other words, every capital project, new and old, was evaluated as if it had a budget of zero dollars. This proved a valuable strategy and allowed us to identify and clean up several capital projects that had been stalled or lacked policy support, freeing up additional funding to support more time-sensitive or relevant initiatives.

In collaboration with many community partners, we have several exciting projects and programs in the works for FY25. Here are just a few examples:

- \$7.5M for aquatic facility upgrades at the PC MARC, including a new leisure pool, lap pool, and spa;
- \$8.5M toward bus stop improvements, including additional shelters and ADA improvements;
- \$9.4M for the Homestake roadway and multi-use path and sidewalk improvements;
- \$10M in targeted funding for multi-use projects that will enhance Council goals of housing, transportation, and community connectivity;
- \$15M for a Park & Ride near the intersection of S.R. 248 and U.S. 40, to further ease traffic congestion along this corridor;
- \$3.5M to underground transmission lines leading into the Bonanza Park area; and
- \$2.5M for bike and pedestrian pathway improvements in the Thaynes Canyon/Three Kings area to enhance residents' quality of life.

Major Capital Projects

Project	FY25 Budget + Carryforward
Community Development	
CP0619 Emerging Community Development Projects	\$10,000,000
CP0611 Miscellaneous 5-Acre Site Improvements	\$8,200,000
CP0267 Soil Repository	\$4,025,136
CP0311 Senior Community Center	\$3,500,000
CP0318 Bonanza Park/RMP Substation Mitigation	\$3,350,000
CP0270 Downtown Enhancements Phase II	\$1,307,302
CP0402 Additional Downtown Projects	\$1,162,050
CP0401 Downtown Projects Plazas	\$839,902
CP0361 Land Acquisition/Banking Program	\$750,000
General Capital Improvements	
CP0028 5 Year CIP Funding	\$5,073,395
CP0074 Equipment Replacement - Rolling Stock	\$3,179,575
CP0006 Pavement Management Implementation	\$2,270,502
CP0146 Asset Management/Replacement Program	\$1,864,958
CP0559 Marsac Remodel	\$1,586,450
CP0092 Open Space Improvements	\$1,233,917
CP0266 Prospector Drain - Regulatory Project	\$1,156,712
CP0041 Trails Master Plan Implementation	\$1,065,177
CP0329 Main St. Infrastructure Asset Management	\$680,297
CP0075 Equipment Replacement - Computer	\$589,675
CP0620 Silver King Mine Restoration	\$200,000
Housing	
CP0588 Housing Program Public Private Partnerships	\$5,695,356
CP0587 Housing Program Asset Acquisition	\$4,073,259
CP0586 Housing Ongoing Asset Improvement	\$3,448,682
CP0589 Housing Programs	\$596,294
Recreation	
CP0386 Recreation Building in City Park	\$15,231,259
CP0598 PC MARC Aquatics Replacement	\$7,500,000
CP0150 Ice Facility Capital Replacement	\$2,226,817
CP0091 Golf Maintenance Equipment Replacement	\$933,270
CP0364 Master Plan for Recreation Amenities	\$597,804

CP0483 LED Upgrade Quinn's Fields	\$334,296
CP0005 City Park Improvements	\$333,016
Transportation	
CP0411 SR248/US 40 Park & Ride Program	\$15,000,000
CP0009 Transit Rolling Stock Replacement	\$13,940,515
CP0540 Snow Creek Crossing	\$12,916,778
CP0025 Bus Shelters Design and Capital Improvements	\$12,405,445
CP0527 Homestake Roadway & Trail Improvements	\$5,767,721
CP0385 Park Avenue Reconstruction	\$4,196,533
CP0465 SR248 Corridor & Safety Improvement	\$3,018,891
CP0536 Bonanza District Bus Stops	\$2,830,000
CP0478 Bike/Ped Improvements in Thayne's	\$2,651,430
CP0381 Transit and Transportation Land Acquisition	\$2,400,000
CP0316 Transit Facility Capital Renewal Account	\$2,177,075
CP0203 China Bridge Event Parking	\$2,087,997
CP0592 CAD/AVL Replacement	\$1,200,000
CP0439 Bonanza Multi-Modal and Street Improv	\$600,000
CP0420 Enhanced Bus Stops at Fresh Market and Park Ave Condos	\$396,351
CP0036 Traffic Calming	\$298,179
Water	
CP0389 MIW Treatment	\$14,404,499
CP0040 Water Dept Infrastructure Improvement	\$6,435,198
CP0007 Tunnel Maintenance	\$2,844,654
CP0178 Rockport Water, Pipeline, and Storage	\$1,706,646
CP0396 Park Ave SD	\$1,600,000
CP0256 Storm Water Improvements	\$1,596,670
CP0304 Quinn's Water Treatment Plant Asset Replacement	\$1,333,436

[To view the complete Park City budget by fund click here 'FY25 Capital Budget Summary'.](#)

Summary

Overall, Park City's General and Capital Improvement Funds remain strong and well-positioned to continue to invest in the City's infrastructure, maintain core programs, deliver high levels of service, recruit and retain a competitive workforce, and refocus resources to support community initiatives.

Exhibit A: FY25 Operating Budget Requests

Exhibit B: Budget Ordinance

Exhibit C: Budget Summaries