

# POLICIES & OBJECTIVES

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## CHAPTER 1 - BUDGET POLICY

### PART I - BUDGET ORGANIZATION

- A. Through its financial plan (Budget), the City will do the following:
1. Draw upon Council's goals, objectives, and desired outcomes.
  2. Identify citizens' needs for essential services.
  3. Organize programs to provide essential services.
  4. Establish program policies and goals that define the type and level of program services required.
  5. List suitable activities for delivering program services.
  6. Propose objectives for improving the delivery of program services.
  7. Consider budget committees recommendations.
  8. Identify available resources and appropriate the resources needed to conduct program activities and accomplish program objectives.
  9. Set standards to measure and evaluate the following:
    - the output of program activities
    - the accomplishment of program objectives
    - the expenditure of program appropriations
- B. All requests for increased funding or enhanced levels of service should be considered together during the budget process, rather than in isolation. According to state statute, the budget officer (City Manager) shall prepare and file a proposed budget with the City Council by the first scheduled council meeting in May.
- C. The City Council will review and amend appropriations, if necessary, during the fiscal year.
- D. The City will prepare the budget on an annual basis and may consider a mid-year budget adjustment.
1. The emphasis of the budget process includes establishing expected levels of services, within designated funding levels, projected over the next fiscal year, with the focus on the budget.
  2. Any budget requests that will be considered are ones that; will come with revenue offsets;
    - a. are accompanied by expense reductions, or that;
    - b. are required by law; or
    - c. are necessitated by market/environment changes that happened since the last budget adoption
- E. Through its financial plan, the City will strive to maintain **Structural**

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**Balance;** ensuring basic service levels are predictable and cost effective. A balance should be maintained between the services provided and the local economy's ability to pay.

- F. The City will strive to improve productivity, though not by the single-minded pursuit of cost savings. The concept of productivity should emphasize the importance of *quantity* and *quality* of output as well as *quantity* of resource input.
- G. General Fund budget surplus should be used for capital projects.

## PART II - OPERATING CONTINGENCY ACCOUNTS

In accordance with sound budgeting principles, a certain portion of the annual operating budget is set aside for contingency or unanticipated cost necessary to fulfill the objectives of Council and the City's goals and mission, including emergencies and disasters. The following policy outlines the parameters and circumstances under which contingency funding is to be administered:

### A. Access to General Contingency Funds

Monies set aside in the general contingency account shall be accessible for the following purposes. In the event that there are insufficient contingency funds to satisfy all claims on the funding, the City shall strive to allocate funding according to priority order: Top Priority - Purpose #1; 2nd Priority - Purpose #2; Last Priority - Purpose #3.

1. Ensure that the City satisfies State mandated budget requirements
  - a. This purpose may include, but is not necessarily limited to, the following scenarios:
    - i. The City realizes less than the anticipated and budget personnel vacancy
    - ii. One or more budget functions (as recognized by the state auditor) exceed budgeted expenditure levels in a fiscal year
    - iii. Other non-compliances with state budget requirements which could be resolved through utilization of contingency budget
  - b. The City Manager is authorized to approve requests under this section for any expense under \$15,000. Any item over \$15,000 that is not anticipated in the current budget is subject to Council approval (see Purchasing Policy).
2. Enable the City to meet Council directed levels of service despite significant shifts in circumstances unforeseen when the budget was adopted
  - a. These circumstances may include, but are not necessarily limited to, the following:
    - i. A significant increase in the cost of goods or contracted services
    - ii. Large fluctuations in customer or user demand
    - iii. Organizational changes requiring short-term or bridge solutions to meet

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- existing LOS
    - iv. Large-scale mechanical or equipment failure requiring immediate replacement
    - v. Other unforeseen changes to the cost of providing City services
  - b. Requests for use of contingency funds under this section must be submitted in writing to the City Manager and the Budget Department with justification clearly detailed
  - c. The City Manager is authorized to approve requests under this section for any expense under \$15,000. Any item over \$15,000 that is not anticipated in the current budget is subject to Council approval (see Purchasing Policy).
- 3. Facilitate Council directed increases in level of service in the short term
  - a. Council may direct staff to use contingency funds for purposes of initiating an increased level of service in the middle of a budget year or for capital projects not previously funded in the 5-Year Capital Improvement Plan
  - b. Long term funding for increased levels of service should be identified in the budget process
  - c. All requests for ongoing level of service increases should pass through the Budgeting for Outcomes (BFO) framework, whether the funding source is contingency or another source
  - d. The City Manager is authorized to approve requests under this section for any expense under \$15,000, following direction from the City Council to expand levels of service. Any item over \$15,000 that is not anticipated in the current budget is subject to Council approval (see Purchasing Policy).

### **B. Access to Emergency Contingency Funds**

Monies set aside in the Emergency Contingency account shall be accessible for the following purposes:

1. Unforeseen emergencies or disasters that require immediate response and incur short to mid-term unbudgeted expenses up to \$100,000. Emergency Contingency funds are targeted at small to moderate incidents that incur immediate funding needs for actions such as, but not limited to, debris removal, flood mitigation measures, wildfire response, severe weather, pandemics, water service disruptions and extended Emergency Operations Center (EOC) mobilization. Larger disaster funding requirements will be addressed by the City Council's ability to exceed the budget in a declared emergency (Utah 10-6-129. Uniform Fiscal Procedures Act for Utah Cities - Emergency expenditures).
2. In the case of emergency expenditures may be authorized by the Emergency Manager up to \$2,500, the Chief of Police up to \$5,000, the Finance Manager up to \$100,000 and the City Manager beyond \$100,000. In addition, since the emergency contingency budget is capped at \$100,000, any transaction over this amount will need City Council's approval unless another funding source is identified.

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### **C. Access to Council Contingency Funds**

1. Facilitate Council directed increases in level of service in the short term.
  - a. Council may direct staff to use contingency funds for purposes of initiating an increased level of service in the middle of a budget year or for one-time operating or capital budgets, not previously budgeted.
  - b. All requests for ongoing level of service increases should pass through the Budgeting for Outcomes (BFO) framework, whether the funding source is contingency or another source.
  - c. Council will direct staff to access contingency funding through a simple majority vote.

### **D. Monitoring**

1. The Budget Department will monitor all expenditure from contingency accounts monthly, ensuring that access to the account is compliant with the above procedures.
2. Total expenses in the General Contingency account may not exceed 50% of the budgeted contingency prior to June 30 without the approval of the City Manager. On or after June 30, expenses may be coded to this account in excess of 50% of budgeted levels, but not to exceed 100% of the adjusted budget.

## **PART III - RECESSION/ REVENUE SHORTFALL PLAN**

- A. The City has established a plan, including definitions, policies, and procedures to address financial conditions that could result in a net shortfall of resources as compared to requirements. The Plan is divided into the following three components:
  1. **Indicators** which serve as warnings that potential budgetary impacts are increasing in probability. The City will monitor key revenue sources such as sales tax, property tax, and building activity, as well as inflation factors and national and state trends.
  2. **Phases** which will serve to classify and communicate the severity of the situation, as well as identify the actions to be taken at the given phase.
  3. **Actions** which are the preplanned steps to be taken in order to prudently address and counteract the anticipated shortfall.
- B. The recession plan and classification of the severity of the economic downturn will be used in conjunction with the City's policy regarding the importance of maintaining revenues to address economic uncertainties. As always, the City will look to ensure that revenues are calculated adequately to provide an appropriate level of city services. As any recessionary impact reduces the City's projected revenues, corrective action will increase proportionately. Following is a summary of the phase classifications and the corresponding actions to be taken. This analysis will be primarily used to determine General Fund reductions, but could apply to other funds as needed. The percent decreases are based on comparing the budgeted revenue in the current fiscal year against

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projections in the current fiscal year or budgeted revenue in the current fiscal year against projections in the proceeding fiscal year.

1. **Level 1 - ALERT:** An anticipated reduction in available projected revenues from 1% up to 5%. The actions associated with this phase would best be described as delaying expenditures where reasonably possible, while maintaining the "Same Level" of service. Each department will be responsible for monitoring its individual budgets to ensure only essential expenditures are made.
2. **Level 2 - MINOR:** A reduction in projected revenues in excess of 5%, but less than 15%. The objective at this level is still to maintain "Same Level" of service where possible. Actions associated with this level would be as follows:
  - a. Implementing the previously determined "Same Level" Budget.
  - b. Intensifying the review process for large items such as contract services, consulting services, and capital expenditures, including capital improvements. Previously approved capital project expenditures which rely on General Fund surplus for funding should be subject to review by the Budget Department.
  - c. Closely scrutinizing hiring for vacant positions, delaying the recruitment process, and using temporary help to fill in where possible (soft freeze). The City Manager will review all personnel action with heightened scrutiny, including career development and interim reorganizations, to ensure consistency and equitable application of the soft freeze across the organization.
  - d. Closely monitoring and reducing expenditures for travel, seminars, retreats, and bonuses.
  - e. Identifying expenditures that would result in a 5% cut to departmental operating budgets while still maintaining the same level of service where possible.
  - f. Reprioritizing capital projects with the intent to de-obligate non-critical capital projects.
  - g. Limit access to contingency funds.
3. **Level 3 - MODERATE:** A reduction in projected revenues in excess of 15%, but less than 30%. Initiating cuts of service levels by doing the following:
  - a. Requiring greater justification for large expenditures.
  - b. Deferring non-critical capital expenditures.
  - c. Reducing CIP appropriations from the affected fund.
  - d. Hiring to fill vacant positions only with special justification and authorization.
  - e. Identifying expenditures that would result in a 10% cut to departmental operating budgets while trying to minimize service level impacts where possible.
  - f. Eliminate access to contingency funds.
4. **Level 4 - MAJOR:** A reduction in projected revenues of 30% to 50%. Implementation of major service cuts.
  - a. Instituting a hiring freeze.
  - b. Reducing the Part-time Non-Benefited and Seasonal work force.
  - c. Deferring merit wage increases.
  - d. Further reducing capital expenditures.
  - e. Preparing a strategy for reduction in force.

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5. **Level 5 - CRISIS:** A reduction in projected revenues in excess of 50%.
  - a. Implementing reduction in force or other personnel cost-reduction strategies.
  - b. Eliminating programs.
  - c. Deferring indefinitely capital improvements.
  
- C. If an economic uncertainty is expected to last for consecutive years, the cumulative effect of the projected reduction in reserves will be used for determining the appropriate phase and corresponding actions.

## PART IV – BUDGET MONITORING

The Budget Department will provide Council with a monthly budget report to ensure financial transparency and accountability. The format of these reports follows the audit procedure from the State Compliance Audit Guide, the Utah statute, and sample summary reports found in the Utah Uniform Accounting Manual. The staff report will include any variances of note and report those to Council. The Budget Department will work with departments to identify any overages and correct discrepancies as needed.

Managers are expected to know the status of their budget at all times as well as understand the primary drivers which may cause shortages. Managers should analyze the data provided by the Budget Department throughout the fiscal year with the help of the budget software to assist them in managing their budgets. Managers set their own budget during the budget season by determining current expenditures (and revenues) and forecasting them for the remaining fiscal year as well as the following one. This process also helps managers to determine budget options at the beginning of the calendar year.

The Budget Department will train all managers and selected analysts on the budget monitoring software as well as clarify any other general questions regarding the budget and the budget process. The goal here is to make the managers aware of all the tools they need and how to use them.

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## **CHAPTER 2 - REVENUE MANAGEMENT**

### **PART I - GENERAL REVENUE MANAGEMENT**

- A.** The City will seek to maintain a diversified and stable revenue base to protect it from short- term fluctuations in any one revenue source.
- B.** The City will match all current expenditures with current revenues, avoiding procedures that balance current budgets by postponing needed expenditures, accruing future revenues, or rolling over short-term debt.

### **PART II - ENTERPRISE FUND FEES AND RATES**

- A.** The City will set fees and rates at levels that fully cover the total direct and indirect costs, including debt service, of the Water, Stormwater, and Golf enterprise programs.
- B.** The City will cover all transit program operating costs, including equipment replacement, with resources generated from the transit sales tax, business license fees, federal and state transit funds, and not more than 1/4 of 1 percent of the resort sales tax, without any other general fund contribution. Parking operations will be funded through parking related revenues and the remaining portion of the resort sales tax not used by the transit operation. The City will take steps to ensure revenues specifically for transit (transit tax and business license) will not be used for parking operations. The administrative charge paid to the general fund will be set to cover the full amount identified by the cost allocation plan.
- C.** The City will review and adjust enterprise fees and rate structures as required to ensure they remain appropriate and equitable.

### **PART III - INVESTMENTS**

#### **A. Policy**

It is the policy of the Park City Municipal Corporation (PCMC) and its appointed Treasurer to invest public funds in a manner that ensures maximum safety, provides adequate liquidity to meet all operating requirements, and achieve the highest possible investment return consistent with the primary objectives of safety and liquidity. The investment of funds shall comply with applicable statutory provisions, including the State Money Management Act, the rules of the State Money Management Council and rules of pertinent bond resolutions or indentures, or other pertinent legal restrictions.

#### **B. Scope**

This investment policy applies to funds held in City accounts for the purpose of providing City Services. Specifically, this Policy applies to the City's General Fund, Enterprise Funds, and Capital Project Funds. Trust and Agency Funds shall be invested in the State

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of Utah Public Treasurer's Investment Pool.

### **C. Prudence**

Investments shall be made with judgment and care under circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their capital and the probable income to be derived.

The standard of prudence to be used by the Treasurer shall be applied in the context of managing an overall portfolio. The Treasurer, acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### **D. Objective**

The City's primary investment objective is to achieve a reasonable rate of return while minimizing the potential for capital losses arising from market changes or issuer default. So, the following factors will be considered, in priority order, to determine individual investment placements: safety, liquidity, and yield.

1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the Park City Municipal Corporation shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
2. **Liquidity:** The Park City Municipal Corporation's investment portfolio will remain sufficiently liquid to enable the PCMC to meet all operating requirements which might be reasonably anticipated.
3. **Return on Investment:** The PCMC's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the PCMC's investment risk constraints and the cash flow characteristics of the portfolio.

### **E. Delegation of Authority**

Investments and cash management will be the responsibility of the City Treasurer or his designee. The City Council grants the City Treasurer authority to manage the City's investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

### **F. Ethics and Conflicts of Interest**

The Treasurer is expected to conduct themselves in a professional manner and within ethical guidelines as established by City and State laws. The Treasurer shall refrain from



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personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. The Treasurer and other employees shall disclose to the City Manager any material financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the PCMC, particularly with regard to the time of purchase and sales.

### **G. Authorized Financial Dealers and Institutions**

Investments shall be made only with certified dealers. "Certified dealer" means: (1) a primary dealer recognized by the Federal Reserve Bank of New York who is certified by the Utah Money Management Council as having met the applicable criteria of council rule; or (2) a broker dealer as defined by Section 51-7-3 of the Utah Money Management Act.

### **H. Authorized and Suitable Investments**

Authorized deposits or investments made by PCMC may be invested only in accordance with the Utah Money Management Act (Section 51-7-11) as follows:

1. The Public Treasurer's Investment Fund (PTIF)
2. Collateralized Repurchase Agreements
3. Reverse Repurchase agreements
4. First Tier Commercial Paper
5. Banker Acceptances
6. Fixed Rate negotiable deposits issued by qualified depositories
7. United States Treasury Bills, notes and bonds

Obligations other than mortgage pools and other mortgage derivative products issued by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer:

1. Federal Farm Credit Banks
2. Federal Home Loan Banks
3. Federal National Mortgage Association
4. Federal Home Loan Mortgage Corporation
5. Federal Agriculture Mortgage Corporation
6. Tennessee Valley Authority
7. Fixed rate corporate obligations that are rated "A" or higher
8. Other investments as permitted by the Money Management Act

### **I. Investment Pools**

A thorough investigation of the Utah Public Treasurer's Investment Fund (PTIF) is required on a continual basis. The PCMC Treasurer shall have the following questions and issues addressed annually by the PTIF:

1. A description of eligible investment securities, and a written statement of investment policy and objectives.

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2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement process), and how often are the securities priced and the program audited.
4. A description of who may invest in the program, how often and what size deposit and withdrawal.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how is it assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it except such proceeds.

### **J. Safekeeping and Custody**

All securities shall be conducted on a delivery versus payment basis to the PCMC's bank. The bank custodian shall have custody of all securities purchased and the Treasurer shall hold all evidence of deposits and investments of public funds.

### **K. Diversification**

PCMC will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50 percent of the PCMC's total investment portfolio will be invested in a single security type.

### **L. Maximum Maturities**

The term of investments executed by the Treasurer may not exceed the period of availability of the funds to be invested. The maximum maturity of any security shall not exceed five years. The City's investment strategy shall be active and monitored monthly by the Treasurer and reported quarterly to the City Council. The investment strategy will satisfy the City's investment objectives.

### **M. Internal Control**

The Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

### **N. Performance Standards**

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The City's investment strategy is active. Given this strategy, the basis used by the Treasurer to determine whether market yields are being achieved by investments other than those in the PTIF will be the monthly yield of the PTIF.

### **O. Reporting**

The Treasurer shall provide to the City Council quarterly investment reports which provide a clear picture of the current status of the investment portfolio. The quarterly reports should contain the following:

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1. A listing of individual securities held at the end of the reporting period
2. Average life and final maturity of all investments listed
3. Coupon, discount, or earnings rate
4. Par Value, Amortized Book Value and Market Value
5. Percentage of the portfolio represented by each investment category

The City's annual financial audit shall report the City's portfolio in a manner consistent with the Governmental Accounting Standards Board (GASB) market based requirements.

### **P. Investment Policy Adoption**

As part of its annual budget process, the City Council shall adopt the investment policy every two years.

## **PART IV - COMPREHENSIVE FINANCIAL MANAGEMENT PLAN**

To provide the City with the opportunity to identify and resolve financial problems before, rather than after, they occur, the City intends to develop a strategy for fiscal independence. The proposed outline for this plan is below.

### **A. Scope of Plan**

1. A financial review, including the following:
  - a. Cost-allocation plan
  - b. Revenue handbook (identifying current and potential revenues)
  - c. City financial trends (revenues & expenditures)
  - d. Performance Measures and Benchmarks
2. Budget reserve policies
3. Long Range Capital Improvement Plan
  - a. Project identification and prioritization
  - b. CIP financing plan
4. Rate and fee increases
5. Other related and contributing plans and policies
  - a. Water Management
  - b. Flood Management
  - c. Parking Management
  - d. Budget
  - e. Pavement Management
  - f. Property Management
  - g. Facilities Master Plan
  - h. Recreation Master Plan

### **B. Assumptions**

1. Growth

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- a. Population
- b. Resort
2. Inflation
3. Current service levels
  - c. Are they adequate?
  - d. Are they adequately funded?
4. Minimum reserve levels (fund balances)
5. Property tax increases (When?)

### **C. Findings, Conclusions, and Recommendations**

1. Current financial condition and trends
2. Capital Improvement Program
3. Projected financial trends
4. General operations
5. Capital improvements
6. Debt management

## PART V - RESERVES

### **A. General Fund :**

#### **1. Purpose**

The General Fund balance reserve is a very important factor in the City's ability to respond to emergencies and revenue shortfalls as well as to maintain the City's creditworthiness. Any accumulated fund balance is restricted to the following purposes:

- i. to provide working capital to finance expenditures from the beginning of the budget year until other revenue sources are collected;
- ii. to provide resources to meet emergency expenditures in the event of fire, flood, earthquake, etc., and;
- iii. to cover a pending year-end excess of expenditures over revenues from unavoidable shortfalls in revenues.

#### **2. Limits**

Section 10-6-116 of the Utah Code limits the accumulated balance or reserves that may be retained in the General Fund. The accumulation of a fund balance in the city general fund may not exceed 35% of the total revenue of the city general fund for the current fiscal period. For budget purposes, any balance that is greater than 5 percent of the total revenues of the General Fund may be used. The City will strive to maintain the General Fund balance at approximately the legal maximum.

#### **3. Budget**

The City Council may appropriate fund balance as needed to balance the budget for the current fiscal year in compliance with State Law. Second, a provision will be made to transfer any remaining General Fund balance to the City's CIP Fund. These

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one-time revenues are designated to be used for one-time capital project needs in the City's Five Year CIP plan. Any amount above an anticipated surplus will be dedicated to completing current projects, ensuring the maintenance of existing infrastructure, or securing funding for previously-identified needs. The revenues should not be used for new capital projects or programming needs.

### **B. Capital Improvements Fund**

1. The City may, in any budget year, appropriate from estimated revenues or fund balances to a reserve for capital improvements for the purpose of financing future specific capital improvements under a formal long-range capital plan adopted by the governing body. Thus the City will establish and maintain an Equipment Replacement Capital Improvement Fund to provide a means for timely replacement of vehicles and equipment. The amount added to this fund, by annual appropriation, will be the amount required to maintain the fund at the approved level after credit for the sale of surplus equipment and interest earned by the fund.
2. As allowed by Utah State Code (§ 9-4-914) the City will retain at least \$5 million in the Five-Year CIP, ensuring the ability to repay bond obligations as well as maintain a high bond rating. The importance of reserves from a credit standpoint is essential, especially during times of economic uncertainty. Reserves will provide a measure of financial flexibility to react to budget shortfalls in a timely manner as well as an increased ability to issue debt without insurance.

### **C. Enterprise Funds**

1. The City will strive to maintain a fund balance at approximately 25% of operating expenditures in the current fiscal period.

### **D. Internal Service, Debt Service, and Special Revenue Funds**

1. Operate on a cost recovery basis over several years. Fund balances may build up over time, but should be held to a minimum.

## **PART VI – GASB 54 FUND BALANCE**

This Fund Balance Policy establishes procedures for reporting fund balance classifications and establishes a hierarchy of fund balance expenditures for governmental type funds. The policy also authorizes and directs the Finance Manager to prepare financial reports, which accurately categorize fund balance per Governmental Accounting Standards Board Statement No. 54: *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54).

### **I. Fund Balance Components**

Fund balance is essentially the difference between the assets and liabilities reported in a governmental fund. GASB 54 establishes the following five components of fund balance, each of which identifies the extent to which the City is bound to honor constraints on the specific purposes for which amounts can be spent.

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### **A. Non-spendable Fund Balance**

The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. The “not spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable.

### **B. Restricted Fund Balance**

The restricted fund balance classification includes amounts that reflect constraints placed on the use of resources (other than non-spendable items) that are either (a) externally imposed by creditors (such as through bonded debt reserve funds required pursuant to debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

### **C. Committed Fund Balance**

The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specific use by taking the same type of action (for example ordinance) it employed to previously commit those amounts. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. City Council action of passing an ordinance to commit fund balance needs to occur within the fiscal reporting period; however, the amount can be determined subsequently.

### **D. Assigned Fund Balance**

The assigned fund balance classification includes amounts that are constrained by the government’s intent to be used for specific purposes, but that are neither restricted nor committed. Such intent needs to be established by (a) the governing body itself or (b) a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

### **E. Unassigned Fund Balance**

The unassigned fund balance classification includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that should report this category of fund balance.

## **II. HEIRARCHY OF SPENDING FUND BALANCE**

The City’s current fund balance practice provides that restricted fund balance be spent first when expenditure is incurred for which both restricted and unrestricted fund balance is available. Similarly, when expenditure is incurred for purposes for which amounts in

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any of the unrestricted classifications of fund balance can be used; committed amounts are to be spent first, followed by assigned amounts and then unassigned amounts. GASB 54 mandates that this hierarchy of expending fund balance be reported in new categories, using new terminology, and be formally adopted by the City Council. It should be noted that the new categories only emphasize the extent which the City is bound to honor expenditure constraints and the purposes for which amounts can be spent. The total reported fund balance would remain unchanged.

### **III. COMPARISON OF PAST PRACTICE AND GASB 54 FUND BALANCE TYPES**

#### **A. General Fund**

GASB 54 Definition – The general fund is used to account for all financial resources not accounted for in another fund.

#### **B. Special Revenue Funds**

GASB 54 Definition – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term “proceeds of specific revenue sources” establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

#### **C. Capital Projects**

GASB 54 Definition – Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital related outflows financed by proprietary funds, or for assets that will be held in trust for individuals, private organizations, or other governments.

#### **D. Debt Service**

GASB 54 Definition – Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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### **CHAPTER 3 – DEBT MANAGEMENT AND COMPLIANCE**

#### **PART I - DEBT MANAGEMENT**

- A.** The City will not obligate the General Fund to secure long-term financing except when marketability can be significantly enhanced.
- B.** Direct debt will not exceed 2% of assessed valuation.
- C.** An internal feasibility analysis will be prepared for each long-term financing activity that analyzes the impact on current and future budgets for debt service and operations. This analysis will also address the reliability of revenues to support debt service.
- D.** The City will generally conduct financing on a competitive basis. However, negotiated financing may be used due to market volatility or the use of an unusual or complex financing or security structure.
- E.** The City will seek an investment grade rating (Baa/BBB or greater) on any direct debt and credit enhancements, such as letters of credit or insurance, when necessary for marketing purposes, availability, and cost-effectiveness.
- F.** The City will annually monitor all forms of debt, coincident with the City's budget preparation and review process, and report concerns and remedies, if needed, to the Council.
- G.** The City will diligently monitor its compliance with bond covenants and ensure its adherence to federal arbitrage regulations.
- H.** The City will maintain good communications with bond rating agencies regarding its financial condition. The City will follow a policy of full disclosure on every financial report and bond prospectus.

#### **PART II – POST-ISSUANCE COMPLIANCE PROCEDURE AND POLICY FOR TAX-EXEMPT GOVERNMENT BONDS**

The City of Park City (the “City”) issues tax-exempt governmental bonds to finance capital improvements. As an issuer of tax-exempt governmental bonds, the City is required by the terms of Sections 103 and 141-150 of the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations promulgated there under (the “Treasury Regulations”), to take certain actions subsequent to the issuance of such bonds to ensure the continuing tax-exempt status of such bonds. In addition, Section 6001 of the Code and Section 1.6001-1(a) of the Treasury Regulations, impose record retention requirements on the City with respect to its tax-exempt governmental bonds. This Post-Issuance Compliance Procedure and Policy for Tax-Exempt Governmental Bonds (the “Policy”) has been approved and adopted by the City to ensure that the City complies with its post-issuance compliance obligations under applicable provisions of the Code and Treasury Regulations.



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- A.** Effective Date and Term. The effective date of this Policy is the date of approval by the City Council of the City (June 16, 2011) and shall remain in effect until superseded or terminated by action of the City Council.
- B.** Responsible Parties. The Finance Manager of the City shall be the party primarily responsible for ensuring that the City successfully carries out its post-issuance compliance requirements under applicable provisions of the Code and Treasury Regulations. The Finance Manager will be assisted by the staff of the Finance Department of the City and by other City staff and officials when appropriate. The Finance Manager of the City will also be assisted in carrying out post-issuance compliance requirements by the following organizations:
- (1) Bond Counsel (the law firm primarily responsible for providing bond counsel services for the City);
  - (2) Financial Advisor (the organization primarily responsible for providing financial advisor services to the City);
  - (3) Paying Agent (the person, organization, or City officer primarily responsible for providing paying agent services for the City); and
  - (4) Rebate Analyst (the organization primarily responsible for providing rebate analyst services for the City).

The Finance Manager shall be responsible for assigning post-issuance compliance responsibilities to members of the Finance Department, other staff of the City, Bond Counsel, Paying Agent, and Rebate Analyst. The Finance Manager shall utilize such other professional service organizations as are necessary to ensure compliance with the post-issuance compliance requirements of the City. The Finance Manager shall provide training and educational resources to City staff that are responsible for ensuring compliance with any portion of the post-issuance compliance requirements of this Policy.

- C.** Post-Issuance Compliance Actions. The Finance Manager shall take the following post-issuance compliance actions or shall verify that the following post-issuance compliance actions have been taken on behalf of the City with respect to each issue of tax-exempt governmental bonds issued by the City:
- (1) The Finance Manager shall prepare a transcript of principal documents (this action will be the primary responsibility of Bond Counsel).
  - (2) The Finance Manager shall file with the Internal Revenue Service (the “IRS”), within the time limit imposed by Section 149(e) of the Code and applicable Treasury Regulations, an Information Return for Tax-Exempt Governmental Obligations, Form 8038-G (this action will be the primary responsibility of Bond Counsel).
  - (3) The Finance Manager, in consultation with Bond Counsel, shall identify

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proceeds of tax-exempt governmental bonds that must be yield-restricted and shall monitor the investments of any yield-restricted funds to ensure that the yield on such investments does not exceed the yield to which such investments are restricted.

- (4) In consultation with Bond Counsel, the Finance Manager shall determine whether the City is subject to the rebate requirements of Section 148(f) of the Code with respect to each issue of tax-exempt governmental bonds. In consultation with Bond Counsel, the Finance Manager shall determine, with respect to each issue of tax-exempt governmental bonds of the City, whether the City is eligible for any of the temporary periods for unrestricted investments and is eligible for any of the spending exceptions to the rebate requirements. The Finance Manager shall contact the Rebate Analyst (and, if appropriate, Bond Counsel) prior to the fifth anniversary of the date of issuance of each issue of tax-exempt governmental bonds of the City and each fifth anniversary thereafter to arrange for calculations of the rebate requirements with respect to such tax-exempt governmental bonds. If a rebate payment is required to be paid by the City, the Finance Manager shall prepare or cause to be prepared the Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, Form 8038-T, and submit such Form 8038-T to the IRS with the required rebate payment. If the City is authorized to recover a rebate payment previously paid, the Finance Manager shall prepare or cause to be prepared the Request for Recovery of Overpayments Under Arbitrage Rebate Provisions, Form 8038-R, with respect to such rebate recovery, and submit such Form 8038-R to the IRS.

**D.** Procedures for Monitoring, Verification, and Inspections. The Finance Manager shall institute such procedures as the Finance Manager shall deem necessary and appropriate to monitor the use of the proceeds of tax-exempt governmental bonds issued by the City, to verify that certain post-issuance compliance actions have been taken by the City, and to provide for the inspection of the facilities financed with the proceeds of such bonds. At a minimum, the Finance Manager shall establish the following procedures:

- (1) The Finance Manager shall monitor the use of the proceeds of tax-exempt governmental bonds to: (i) ensure compliance with the expenditure and investment requirements under the temporary period provisions set forth in Treasury Regulations, Section 1.148- 2(e); (ii) ensure compliance with the safe harbor restrictions on the acquisition of investments set forth in Treasury Regulations, Section 1.148-5(d); (iii) ensure that the investments of any yield-restricted funds do not exceed the yield to which such investments are restricted; and (iv) determine whether there has been compliance with the spend-down requirements under the spending exceptions to the rebate requirements set forth in Treasury Regulations, Section 1.148-7.
- (2) The Finance Manager shall monitor the use of all bond financed facilities in order to:

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- (i) determine whether private business uses of bond-financed facilities have exceeded the *de minimus* limits set forth in Section 141(b) of the Code as a result of leases and subleases, licenses, management contracts, research contracts, naming rights agreements, or other arrangements that provide special legal entitlements to nongovernmental persons; and (ii) determine whether private security or payments that exceed the *de minimus* limits set forth in Section 141(b) of the Code have been provided by nongovernmental persons with respect to such bond-financed facilities.
- (3) The Finance Manager shall undertake with respect to each outstanding issue of tax- exempt governmental bonds of the City an annual review of the books and records maintained by the City with respect to such bonds.

- E.** Record Retention Requirements. The Finance Manager shall collect and retain the following records with respect to each issue of tax-exempt governmental bonds of the City and with respect to the facilities financed with the proceeds of such bonds: (i) audited financial statements of the City; (ii) appraisals, demand surveys, or feasibility studies with respect to the facilities to be financed with the proceeds of such bonds; (iii) publications, brochures, and newspaper articles related to the bond financing; (iv) trustee or paying agent statements; (v) records of all investments and the gains (or losses) from such investments; (vi) paying agent or trustee statements regarding investments and investment earnings; (vii) reimbursement resolutions and expenditures reimbursed with the proceeds of such bonds; (viii) allocations of proceeds to expenditures (including costs of issuance) and the dates and amounts of such expenditures (including requisitions, draw schedules, draw requests, invoices, bills, and cancelled checks with respect to such expenditures); (ix) contracts entered into for the construction, renovation, or purchase of bond-financed facilities; (x) an asset list or schedule of all bond-financed depreciable property and any depreciation schedules with respect to such assets or property; (xi) records of the purchases and sales of bond-financed assets; (xii) private business uses of bond-financed facilities that arise subsequent to the date of issue through leases and subleases, licenses, management contracts, research contracts, naming rights agreements, or other arrangements that provide special legal entitlements to nongovernmental persons and copies of any such agreements or instruments; (xiii) arbitrage rebate reports and records of rebate and yield reduction payments; (xiv) resolutions or other actions taken by the governing body subsequent to the date of issue with respect to such bonds; (xv) formal elections authorized by the Code or Treasury Regulations that are taken with respect to such bonds; (xvi) relevant correspondence relating to such bonds; (xvii) documents related to guaranteed investment contracts or certificates of deposit entered into subsequent to the date of issue; (xviii) copies of all Form 8038-Ts, 8038-CPs and Form 8038-Rs filed with the IRS; and (xix) the transcript prepared with respect to such tax-exempt governmental bonds.

The records collected by the Finance Manager shall be stored in any format deemed appropriate by the Finance Manager and shall be retained for a period equal to the life of the tax-exempt governmental bonds with respect to which the records are collected (which shall include the life of any bonds issued to refund any portion of such tax-exempt governmental bonds or to refund any refunding bonds) plus three (3) years.

- F.** Remedies. In consultation with Bond Counsel, the Finance Manager shall become

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- acquainted with the remedial actions under Treasury Regulations, Section 1.141-12, to be utilized in the event that private business use of bond-financed facilities exceeds the *de minimus* limits under Section 141(b)(1) of the Code. In consultation with Bond Counsel, the Finance Manager shall become acquainted with the Tax Exempt Bonds Voluntary Closing Agreement Program described in Notice 2008-31, 2008-11 I.R.B. 592, to be utilized as a means for an issuer to correct any post issuance infractions of the Code and Treasury Regulations with respect to outstanding tax-exempt bonds.
- G.** Continuing Disclosure Obligations. In addition to its post-issuance compliance requirements under applicable provisions of the Code and Treasury Regulations, the City has agreed to provide continuing disclosure, such as annual financial information and material event notices, pursuant to a continuing disclosure certificate or similar document (the “Continuing Disclosure Document”) prepared by Bond Counsel and made a part of the transcript with respect to each issue of bonds of the City that is subject to such continuing disclosure requirements. The Continuing Disclosure Documents are executed by the City to assist the underwriters of the City’s bonds in meeting their obligations under Securities and Exchange Commission Regulation, 17 C.F.R. Section 240.15c2-12, as in effect and interpreted from time to time (“Rule 15c2-12”). The continuing disclosure obligations of the City are governed by the Continuing Disclosure Documents and by the terms of Rule 15c2-12. The Finance Manager is primarily responsible for undertaking such continuing disclosure obligations and to monitor compliance with such obligations.
- H.** Other Post-Issuance Actions. If, in consultation with Bond Counsel, Financial Advisor, Paying Agent, Rebate Analyst, the City Manager, the City Attorney, or the City Council, the Finance Manager determines that any additional action not identified in this Policy must be taken by the Finance Manager to ensure the continuing tax-exempt status of any issue of governmental bonds of the City, the Finance Manager shall take such action if the Finance Manager has the authority to do so. If, after consultation with Bond Counsel, Financial Advisor, Paying Agent, Rebate Analyst, the City Manager, the City Attorney, or the City Council, the Finance Manager and the City Manager determine that this Policy must be amended or supplemented to ensure the continuing tax-exempt status of any issue of governmental bonds of the City, the City Manager shall recommend to the City Council that this Policy be so amended or supplemented.
- I.** Taxable Governmental Bonds. Most of the provisions of this Policy, other than the provisions of Section 7 and Section 3(e), are not applicable to governmental bonds the interest on which is includable in gross income for federal income tax purposes. On the other hand, if an issue of taxable governmental bonds is later refunded with the proceeds of an issue of tax-exempt governmental refunding bonds, then the uses of the proceeds of the taxable governmental bonds and the uses of the facilities financed with the proceeds of the taxable governmental bonds will be relevant to the tax-exempt status of the governmental refunding bonds. Therefore, if there is any reasonable possibility that an issue of taxable governmental bonds may be refunded, in whole or in part, with the proceeds of an issue of tax-exempt governmental bonds then, for purposes of this Policy, the Finance Manager shall treat the issue of taxable governmental bonds as if such issue were an issue of tax-exempt governmental bonds and shall carry out and comply with the

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requirements of this Policy with respect to such taxable governmental bonds. The Finance Manager shall seek the advice of Bond Counsel as to whether there is any reasonable possibility of issuing tax-exempt governmental bonds to refund an issue of taxable governmental bonds.

- J.** IRS Examination. In the event the Internal Revenue Service (“IRS”) commences an examination of an obligation, the Finance Manager shall inform the City Manager, City Attorney and City Council of such event and is authorized to respond to inquiries of the IRS and, if necessary, to hire outside, independent professional counsel to assist in the response to the examination.

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### **CHAPTER 4 - CAPITAL IMPROVEMENTS**

#### **PART I - CAPITAL IMPROVEMENT MANAGEMENT**

- A.** The public Capital Improvement Plan (CIP) will include the following:
1. Public improvements that cost more than \$10,000.
  2. Capital purchases of new vehicles or equipment (other than the replacement of existing vehicles or equipment) that cost more than \$10,000.
  3. Capital replacement of vehicles or equipment that individually cost more than \$50,000.
  4. Any project that is to be funded from building-related impact fees.
  5. Alteration, ordinary repair, or maintenance necessary to preserve a public improvement (other than vehicles or equipment) that cost more than \$20,000.
- B.** The purpose of the CIP is to systematically plan, schedule, and finance capital projects to ensure cost-effectiveness, as well as conformance with established policies. The CIP is a five year plan, reflecting a balance between capital replacement projects that repair, replace, or enhance existing facilities, equipment or infrastructure and capital facility projects that significantly expand or add to the City's existing fixed assets.
- C.** Development impact fees are collected and used to offset certain direct impacts of new construction in Park City. Park City has imposed impact fees since the early 1980s.

The City periodically conducts impact fee studies and CIP will reflect the findings of these studies. During the budget review process, adjustments to impact fee related projects may need to be made. Fees are collected to pay for capital facilities owned and operated by the City (including land and water rights) and to address impacts of new development on the following service areas: water, streets, public safety, recreation, and open space/parks. The fees are not used for general operation or maintenance. The fees are established following a systematic assessment of the capital facilities required to serve new development. The city will account for these fees to ensure that they are spent within six years, and only for eligible capital facilities. In general, the fees first collected will be the first spent.

#### **PART II - CAPITAL FINANCING AND DEBT MANAGEMENT**

##### **Capital Financing**

- A.** The City will consider the use of debt financing only for one-time, capital improvement projects and only under the following circumstances:
1. When the project's useful life will exceed the term of the financing.
  2. When project revenues or specific resources will be sufficient to service the long-term debt.

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- B.** Capital improvements will be financed primarily through user fees, service charges, assessments, special taxes, or developer agreements when benefits can be specifically attributed to users of the facility.
- C.** Debt financing will not be considered appropriate for any recurring purpose such as current operating and maintenance expenditures. The issuance of short-term instruments such as revenue, tax, or bond anticipation notes is excluded from this limitation.
- D.** The City will use the following criteria to evaluate pay-as-you-go versus long-term financing for capital improvement funding:
  - 1. Factors That Favor Pay-As-You-Go:
    - a. When current revenues and adequate fund balances are available or when project phasing can be accomplished.
    - b. When debt levels adversely affect the City's credit rating.
    - c. When market conditions are unstable or present difficulties in marketing.
  - 2. Factors That Favor Long-Term Financing:
    - a. When revenues available for debt service are deemed to be sufficient and reliable so that long-term financing can be marketed with investment grade credit ratings.
    - b. When the project securing the financing is of the type which will support an investment grade credit rating.
    - c. When market conditions present favorable interest rates and demand for City financing.
    - d. When a project is mandated by state or federal requirements and current revenues and available fund balances are insufficient.
    - e. When the project is immediately required to meet or relieve capacity needs.
    - f. When the life of the project or asset financed is 10 years or longer.

## PART III - ASSET MANAGEMENT POLICY

### **A. Purpose**

The objective of the Asset Management Plan is to establish a fund and a fixed replenishment amount from operations revenues to that fund from which the City may draw for replacement, renewal, and major improvements of capital facilities. The fund should be sufficient to ensure that assets are effectively and efficiently supporting the operations and objectives of the City. The Asset Management Plan is an integral part of the City's long-term plan to replace and renew the City's primary assets in a fiscally responsible manner.

Goals of the Program:

- 1. Protect assets

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2. Prolong the life of systems and components
3. Improve the comfort of building environments
4. Prepare for future needs

### **B. Management**

A project is designated in the Five-year capital plan to which annual contributions are made from the General Fund for asset management. The amount to be contributed should be based on a 10-year plan, to be updated every fifth year, which outlines the anticipated replacement and repair needs for each of the City's major assets. In addition, 0.5 percent of the value of each of the major assets should be contributed annually to the project. The unspent contributions will carry forward in the budget each year, with the interest earned on that amount to be appropriated to the project as well.

A project manager will be appointed by the City Manager, with the responsibility of monitoring the progress of the fund, assuring a sufficient balance for the fund, controlling expenditures out of the fund, managing scheduled projects and associated contracts, making necessary budget requests, and updating the 10-year plan. In addition, a standing committee should be formed consisting of representatives from Public Works, Budget, Debt & Grants, and Sustainability which will convene only to resolve future issues or disputes involving this policy, requests for funding, or the Asset Management Plan in general.

### **C. Accessing Funds**

When funds need to be accessed, a request should be turned in to the project manager. If the expense is on the replacement schedule as outlined in the 10-year plan or is a reasonably related expense under \$10,000 (according to the discretion of the project manager), the project manager should approve it. Otherwise, the Asset Management Committee should be convened to consider the request and decide whether it is an appropriate use of funds.

Requests that should require approval of the Asset Management Committee include:

1. Expenses not anticipated in the 10-year plan, which are in excess of \$10,000.
2. Upgrades in technology or quality
3. Renovations, additions, or improvements that incorporate non-existing assets



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### **CHAPTER 5 - INTERNAL SERVICE POLICY**

#### **PART I - HUMAN RESOURCE MANAGEMENT**

- A.** The City will manage the growth of the regular employee work force without reducing levels of service or augmenting ongoing regular programs with Seasonal employees, except as provided in sections E and F below.
- B.** The budget will fully appropriate the resources needed for authorized regular staffing and limit programs to the regular staffing authorized.
- C.** Staffing and contract service cost ceilings will limit total expenditures for regular employees, Part-time Non-Benefited employees, Seasonal employees, and independent contractors hired to provide operating and maintenance services.
- D.** Regular employees will be the core work force and the preferred means of staffing ongoing, year-round program activities that should be performed by City employees, rather than independent contractors. The City will strive to provide competitive compensation and benefit schedules for its authorized regular work force. Each regular employee will do the following:
  - 1. Fill an authorized regular position.
  - 2. Receive salary and benefits consistent with the compensation plan.
- E.** To manage the growth of the regular work force and overall staffing costs, the City will follow these procedures:
  - 1. The City Council will authorize all regular positions.
  - 2. The Human Resources Department will coordinate and approve the hiring of all Full-time Regular, Part-time Non-Benefited, and Seasonal employees.
  - 3. All requests for additional regular positions will include evaluations of the following:
    - a. The necessity, term, and expected results of the proposed activity.
    - b. Staffing and materials costs including salary, benefits, equipment, uniforms, clerical support, and facilities.
    - c. The ability of private industry to provide the proposed service.
    - d. Additional revenues or cost savings that may be realized.
  - 4. Periodically, and prior to any request for additional regular positions, programs will be evaluated to determine if they can be accomplished with fewer regular employees.
- F.** Part-time Non-Benefited and Seasonal employees will include all employees other than regular employees, elected officials, and volunteers. Part-time Non-Benefited and Seasonal employees will augment regular City staffing only as extra-help employees. The City will encourage the use of Part-time Non-Benefited and Seasonal employees to meet peak workload requirements, fill interim vacancies, and accomplish tasks where less than

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regular, year-round staffing is required.

- G.** Contract employees will be defined as temporary employees with written contracts and may receive approved benefits depending on hourly requirements and length of contract. Generally, contract employees will be used for medium-term projects (generally between six months and two years), programs, or activities requiring specialized or augmented levels of staffing for a specific period of time. Contract employees will occasionally be used to staff programs with unusual operational characteristics or certification requirements, such as the golf program. The services of contract employees will be discontinued upon completion of the assigned project, program, or activity. Accordingly, contract employees will not be used for services that are anticipated to be delivered on an ongoing basis except as described above.
- H.** The hiring of Seasonal employees will not be used as an incremental method for expanding the City's regular work force.
- I.** Independent contractors will not be considered City employees. Independent contractors may be used in the following two situations:

  - 1.** Short-term, peak workload assignments to be accomplished through the use of personnel contracted through an outside temporary employment agency (OEA). In this situation, it is anticipated that the work of OEA employees will be closely monitored by City staff and minimal training will be required; however, they will always be considered the employees of the OEA, and not the City. All placements through an OEA will be coordinated through the Human Resources Department and subject to the approval of the Human Resources Manager.
  - 2.** Construction of public works projects and the provision of operating, maintenance, or specialized professional services not routinely performed by City employees. Such services will be provided without close supervision by City staff, and the required methods, skills, and equipment will generally be determined and provided by the contractor.

**CHAPTER 6 – PUBLIC SERVICE CONTRACTS, GRANT POLICIES, AND INCENTIVE PROGRAMS**

PART I - PUBLIC SERVICE ~~CONTRACTS-FUND~~ (AMENDED 2023)

As part of the budget process, the City Council appropriates funds to contract with organizations offering services consistent with the needs and goals of the City. Depending upon the type of service category, payment terms of the contracts may take the form of cash payment and/or offset fees or rent relating to City property in exchange for value-in-kind services. The use of the public service contracts will typically be for specific services rendered in an amount consistent with the current fair market value of said services.

**A. Public Service Fund Distribution Criteria**

In order to be eligible for a public service contract in Fund Categories 1-3, organizations must meet the following criteria:

1. **Criterion 1:** Accountability and Sustainability of Organization - The organization must have the following:
  - Quantifiable goals and objectives.
  - Non-discrimination in providing programs or services.
  - Cooperation with existing related programs and community service.
  - Compliance with the City contract.
  - Federally recognized not-for-profit status.
    - Special Service Contract applicants may also apply under a fiscal sponsorship of a not-for-profit organization.
2. **Criterion 2:** Program Need and Specific City Benefit - The organization must have the following:
  - A clear demonstration of public benefit and provision of direct services to City residents.
  - A demonstrated need for the program or activity. Special Service Funds may not be used for one-time events, scholarship-type activities or the purchase of equipment.
3. **Criterion 3:** Fiscal Stability and Other Financial Support - The organization must have the following:
  - A clear description of how public funds will be used and accounted for
  - Other funding sources that can be used to leverage resources.
  - A sound financial plan that demonstrates managerial and fiscal competence.
  - A history of performing in a financially competent manner.
4. **Criterion 4:** Fair Market Value of the Services - The fair market value of services

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included in the public service contract should equal or exceed the total amount of compensation from the City unless outweighed by demonstrated intangible benefits.

### **~~B.~~ Total Public Service Fund Appropriations**

~~The City may appropriate up to 1 percent of the City's total budget for public service contracts for the Special Service Contract and Rent Contribution Categories described below. In addition, the City appropriates specific dollar amounts from other funds specifically related to Historic Preservation as described below.~~

### **~~C.B.~~ Fund Categories and Percentage Allocations**

For the purpose of distributing Public Service Funds, ~~public service~~ contracts are placed into the following categories:

**1. ~~Special Public~~ Service Contracts**

~~a) Regular Services—To be determined by Council discretion~~

**~~2.~~ Emergent Community Needs Grants**

**~~2.3.~~ Rent Contribution**

**~~3.4.~~ Historic Preservation**

~~A percentage of the total budget (which shall not exceed 1 percent) is allocated for contracts in the Special Service Contract and Rent Contribution categories by the City Council. A specific dollar amount is allocated to Historic Preservation and the Historic Preservation Grant Program based up on funds available from the various Redevelopment Agencies and the General Fund.~~

~~The category percentage allocation could vary from year to year, depending on Council discretion. In addition, as the City's budget fluctuates (up or down) due to economic conditions, the dollar amounts applied to each category may fluctuate proportionally. Unspent fund balances at the end of a year will not be carried forward to future years. It is the intent of the City Council to appropriate funds for specific ongoing community services and not fund one-time projects or programs.~~

### **~~D.C.~~ Special Public Service Contracts**

A portion of the budget will be designated for service contracts relating to nonprofit services ~~that would otherwise be provided by the City with a demonstrated community benefit aligned with City goals and priorities.~~ Special sServices that fall into this category would include, but not be limited to the following: community art & culture, childhood education, medical treatment, emergency assistance, food pantry, housing outreach & education, mental health, senior services, and safe haven. To the extent possible, individual special services will be delineated in the budget.

The City will award ~~special service contracts~~ Public Service Contracts through a competitive bid process administered by the ~~Service Contract Subcommittee~~ Nonprofit Services Advisory Committee and City Staff, subject to final approval by the City Council. The City reserves the right to accept, reject, or rebid any service contracts that

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are not deemed to meet the needs of the community or the contractual goals of the service contract.

~~Each special service provider will have a special service contract with a term of one to four years, depending on the type of contract.~~ Each provider will have a Public Service Contract with a term of up to four years. Eighty percent of each annual appropriation will be available at the beginning of the fiscal year, with the remaining 20 percent to be distributed upon demonstration through performance measures (quality and quantity) that the program has provided public services meeting its goals as delineated in the special service contract. The disbursement of all appropriations will be contingent upon council approval. ~~Special service~~ Public Service Contract providers will be required to submit current budgets and evidence of contract compliance (as determined by the contract) by the given deadline of the first contract year.

~~The City reserves the right to appoint a citizen's task force to assist in the competitive selection process. The task force will be selected on an ad hoc basis by the Service Contract Subcommittee.~~

All ~~special service contract~~ Public Service Contract proposals must be consistent with the criteria listed in this policy, in particular criterion 1-4.

~~**Innovation Grants:** City council intends to provide the community with a meaningful venue to deliver unique and innovative ideas focused on tackling the City's challenges. These solutions may focus on the Community Critical Priorities of energy, housing, transportation, and social equity, but may be related to any initiative the City deems worthwhile. Grants would provide an organization with seed money to create programs or start initiatives, but would not serve as a long-term funding solution for non-profits. Innovation grants will typically have distributions ranging from 1-3 years.~~

~~**Deadlines:** All proposals for Special Service Contracts must be received no later than the given deadline. A competitive bidding process conducted according to the bidding guidelines of the City may set forth additional application requirements. If there are unallocated funds, extraordinary requests may be considered every six months unless otherwise directed by Council.~~

~~Extraordinary requests received after this deadline must meet all of the following criteria to be considered:~~

- ~~1.—The request must meet all of the normal Public Service Fund Distribution Criteria and qualify under one of the existing Special Service Contract categories;~~
- ~~2.—The applicant must show that the requested funds represent an unexpected fiscal need that could not have been anticipated before the deadline; and~~
- ~~3.—The applicant must demonstrate that other possible funding sources have been~~

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~~exhausted.~~

### **D. Emergent Community Needs Grants**

A portion of the budget will be designated for grants to nonprofits to launch a new program or to address an emergent community need. Proposals must be consistent with the criteria listed in this policy, in particular criterion 1-4. Awards are limited to 1-2 years. Organizations receiving grant funding to launch a new program must show how the program will be financially viable without ongoing support from the City. If funding is used to address an emergent need, organizations must demonstrate how short-term City funding would address the need.

The City will award Emergent Community Needs Grants through a competitive bid process administered by the Nonprofit Services Advisory Committee and City Staff, subject to final approval by the City Council. The City reserves the right to accept, reject, or rebid any service contracts that are not deemed to meet the needs of the community or the contractual goals of the service contract.

### **E. Rent Contribution**

A portion of the ~~Special Service Contract funds~~ budget will be used as a rent contribution for organizations occupying City-owned property and providing services consistent with criterion 1-4 pursuant to the needs and goals of the City. To the extent possible, individual rent contributions will be delineated in the budget. Rent contributions will usually be memorialized by a lease agreement with a term of five years or less, unless otherwise approved by City Council.

The City is required to make rent contributions to the Park City Building Authority for buildings that it occupies. Qualified Organizations may enter into a lease with the City to occupy City space at a reduced rental rate pursuant to criterion 1-4. The difference between the reduced rental rate and the rate paid to the Park City Building Authority will be funded by the rent contribution amount. Rent Contribution lease agreements will not exceed five years in length unless otherwise directed by the City Council. Please note that this policy only applies when a reduced rental rate is being offered. This policy does not apply to lease arrangements at "market" rates.

### **F. Historic Preservation**

Each year, the City Council may appropriate a specific dollar amount relating to historic preservation. The City Council will appropriate the funding for these expenditures during the annual budget process. The funding source for this category is the Lower Park Avenue, the Main Street RDA, and the General Fund. The City Council hereby authorizes the Historic District Grant Program. The disbursement of the funds shall be administered pursuant to the Historic District Grant Program pursuant to applications and criteria established by the Planning Department, and awarded by the Planning Department except that City Council approval shall be required for disbursement amounts greater than \$25,000. In instances where another organization is involved, a contract delineating the services will be required. Projects involving city property or

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partnerships shall be limited to Category A. Repair funds, remaining end of fiscal year funds, or funds allocated via the General Fund through the separate Budgeting for Outcomes (BFO) annual process.

### G. Exceptions

Rent Contribution and Historic Preservation funds will be appropriated through processes separate from the ~~biennial Special Service Contract~~ Public Service Contract process and when deemed necessary by City Council or its designee.

~~The Service Contract Sub-Committee has the discretion as to which categories individual organizations or endeavors are placed. Any percentage changes to the General Fund categories described above must be approved by the City Council.~~ All final decisions relating to public service funding are at the discretion of the City Council.

Nothing in this policy shall create a binding contract or obligation of the City. Individual Service Contracts may vary from contract to contract at the discretion of the City Council. Any award of a service contract is valid only for the term specified therein and shall not constitute a promise of future award. The City Council reserves the right to reject any and all proposals, and to waive any technical deficiency at its sole discretion. Members of the City Council, the Service Contract Sub-Committee, and any Advisory Board, Commission or special committee with the power to make recommendations regarding Public Service Contracts are ineligible to apply for such Public Service Contracts, including historic preservation funds. City Departments are also ineligible to apply for Public Service Contracts. The ineligibility of Advisory Board, Commission and special committee members shall only apply to the category of Public Service Contracts that such advisory Board, Commission and special committee provides recommendations to the City Council. All submittals shall be public records in accordance with government records regulations (“GRAMA”) unless otherwise designated by the applicant pursuant to UCA Section 63-2-308, as amended.

## PART II – GRANT POLICY

### A. General Guidance

The Budget, Debts, and Grants Department is available to assist departments in applying for and managing grants. Because many grants have varying regulations, terms, and deadlines, the Budget Department can assist with meeting those terms and monitoring requirements. They will also track remaining balances on reimbursement-style grants and provide information to assist with audits.

### B. Council Approval

Council Approval may be required before applying for certain grants depending on the size, scope, award amount, and alignment with City budget and priorities. Departments are encouraged to seek guidance from Executive Management before pursuing these

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types of grants.

### C. Notification

Once departments receive a grant, they must notify the Budget, Debt, and Grants Department so the grant amount can appropriately be budgeted. The Department will also reach out periodically to request information on awarded grants to assist with the annual budget process, reports to Council, audit assistance, and other reasons.

## PART III - ECONOMIC DEVELOPMENT GRANT POLICY (AS OF JUNE 23, 2022, THE GRANT PROGRAM IS UNDER REVIEW; APPLICATIONS WILL NOT BE ACCEPTED UNTIL FURTHER NOTICE)

Annually, the City will allocate up to \$50,000 to be used towards retaining and growing existing businesses, and attracting and promoting new organizations that will fulfill key priority goals of the City's Biennial Strategic Plans and General Plan. Funding will be available for relocation and/or expansion of current businesses, and new business start-up costs only.

### A. Page ED Grant Distribution Criteria

Applications will be evaluated on the following criteria in order to be eligible for an ED Grant:

**Criteria #1:** The organization must demonstrate a sound business plan that strongly supports the Goals of the City Economic Development Plan.

**Criteria # 2:** The organization must commit to and demonstrate the ability to do business in the City limits for a duration of no less than three years. Funding cannot be used for one-time events.

**Criteria #3:** The organization must produce items or provide services that are consistent with the Economic Development Work Plan and align with the City's General Plan to enhance the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of the City. The organization must either conditionally agree to participate in or to expand programs or services, or otherwise provide evidence of existing services and initiatives consistent with the goals stated in Park City's Biennial Strategic Plan in the sectors of: Housing, Transportation, and Energy.

**Criteria #4 :** The organization must demonstrate substantial contribution to the central goals of the City's General Plan, including specific and significant commitment to the majority of the main sectors of:

- a. Fostering a strong sense of community vitality and vibrancy;
- b. Respecting and conserving the natural environment;
- c. Promoting balanced, managed, and sustainable growth;
- d. Supporting and promoting diversity in people, housing and



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- affordability;
- e. Supporting a diverse, stable, and sustainable economy;
- f. Preserving a strong sense of place, character, and heritage.

**Criteria #5:** Fiscal Stability and Other Financial Support: The organization must have the following: (1) A clear description of how public funds will be used and accounted for; (2) Other funding sources that can be used to leverage resources; (3) A sound financial plan that demonstrates managerial and fiscal competence.

**Criteria #6:** The organization can forecast at the time of application the ability to achieve direct or indirect economic/tax benefits equal to or greater than the City's contribution.

**Criteria #7:** The organization should show a positive contribution to diversifying the local economy by increasing year-round business opportunities, creating new jobs, and increasing the local tax base.

The City's Economic Development Program Committee will review all applications and submit a recommendation to City Council, who will have final authority in judging whether an applicant meets these criteria.

### **B. Economic Development Grant Fund Appropriations**

The City currently allocates economic development funds from the Lower Park RDA (\$20,000), the General Fund (\$10,000), and the Main Street RDA (\$20,000). Of these funds, no more than \$50,000 per annum will be available for ED Grants. Unspent fund balances at the end of a year will not be carried forward to future years.

### **C. ED Grant Categories**

ED Grants will be placed in three potential categories:

1. **Business Relocation Assistance:** This category of grants will be available for assisting an organization with relocation and new office set-up costs. Expenses covered through an ED Grant include but are not limited to: moving costs, leased space costs, fixtures/furnishings/ and equipment related to setting up office space within the City limits.
2. **New Business Start-up Assistance:** This category of grants will be available for assisting a new organization or business with new office set-up costs. Expenses covered through an ED Grant include but are not limited to: leased office space costs, fixtures/furnishings/ and equipment related to setting up office space within the City limits.
3. **Business Expansion Assistance:** This category of grants will be available for assisting an organization or business with expansion costs. These expansions should

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increase square footage, increase year-round jobs in City limits and/or increase tax revenue; and/or demonstrate a venture into an area considered a diversification of our economic base.

### **D. Application Process**

Application forms may be downloaded from the City's [www.parkcity.org](http://www.parkcity.org) website, are available via email from the Economic Development Manager, or are available within the Economic Development Office of City Hall. Applications will be evaluated and awarded on a quarterly basis.

### **E. Deadlines**

All applications for Economic Development Grants must be received no later than the following dates each year to be eligible for quarterly consideration;

- 1Q – Second Friday in August for the end of the First Quarter (September 30<sup>th</sup>)
- 2Q – Second Friday in November for the end of the Second Quarter (Dec. 31<sup>st</sup>)
- 3Q – Second Friday in February for the end of the Third Quarter (March 31<sup>th</sup>)
- 4Q – Second Friday in May for the end of the Fourth Quarter (June 30<sup>th</sup>)

The City Council will consider in a public meeting any application received by each of the quarterly deadlines within 6 weeks. Extraordinary requests outside the scheduled application process may be considered, unless otherwise directed by Council.

Extraordinary requests received must meet all of the following criteria to be considered:

1. The request must meet all of the normal Public Service Fund Distribution Criteria and qualify under the Economic Development Grant criteria;
2. The applicant must show that the requested funds represent an immediate fiscal need that could not have been anticipated before the deadline; and
3. The applicant must demonstrate significant consequences of not being able to wait for the next quarterly review.

### **F. Award Process**

The disbursement of the ED Grants shall be administered pursuant to applications and criteria established by the Economic Development Department, and awarded by the City Council consistent with this policy and upon the determination that the appropriation is necessary and appropriate to accomplish the economic goals of the City.

ED Grants funds will be appropriated through processes separate from the biennial Special Service Contract and ongoing Rent Contribution and Historic Preservation process.

The Economic Development Program Committee will review all applications on a

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quarterly basis, and forward a recommendation to City Council for authorization. All potential awards of grants will be publicly noticed 14 days ahead of a City Council action.

Nothing in this policy shall create a binding contract or obligation of the City. Individual ED Grant Contracts may vary from contract to contract at the discretion of the City Council. Any award of a contract is valid only for the term specified therein and shall not constitute a promise of future award. The City reserves the right to reject any and all proposals, and to waive any technical deficiency at its sole discretion. Members of the City Council, the Economic Development Program Committee, and any advisory board, Task Force or special committee with the power to make recommendations regarding ED Contracts are ineligible to apply for such Contracts. City Departments are also ineligible to apply for ED Contracts. All submittals shall be public records in accordance with government records regulations (“GRAMA”) unless otherwise designated by the applicant pursuant to UCA Section 63-2-308, as amended.

### **PART IV– Live Park City – Lite Deed Restriction Program**

The City Council may appropriate funds dedicated to the purchase of deed restrictions for housing vitality and preservation within the City limits of Park City. The Live Park City housing program purchases deed restrictions that require owner occupancy or long-term rental of the property. The disbursement of funds will be administered by the City Manager and based on the recommendation of an Advisory Board created by City Council and following program criteria established by the Housing Department and adopted by City Council. The Advisory Board has the authority to award recommendations and to enter and negotiate individual deed restrictions, subject to approval by the City Manager provided the funds being provided is less than \$200,000. If the home funds in an application exceeds \$200,000, the authority to approve a deed restriction and delegate funds is subject to City Council approval.

### **PART V - Landscaping Incentive**

Each year, the City Council may appropriate a specific dollar amount to be used to offer a cash incentive per square foot of turf grass removed and replaced with non-turf Water Wise Landscaping as defined in the Land Management Code. The City Council will appropriate the funding for these expenditures during the annual budget process. The funding source for this category is the Water Fund. The City Council hereby authorizes the Landscaping Incentive Program. The disbursement of the funds shall be administered according to the Landscaping Incentive Program under applications and criteria established by the Public Utilities Department and awarded by the Public Utilities. Disbursements under this program shall not exceed \$50,000.

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### **CHAPTER 7 - OTHER POLICIES**

#### **PART I – SETTLEMENT AUTHORITY**

When claims are made against the City, it is in the best interest of the City to efficiently evaluate, negotiate and process such claims. It is not efficient or prudent to involve City Council in decisions to settle small, routine claims made against the City.

Therefore, to effect the efficient evaluation, negotiation and processing of such claims, it is in the best interest of the City to authorize the City Manager to settle certain claims as they deem prudent. The City Manager may approve all settlements up to and including \$100,000.

The City Attorney's Office will provide quarterly client updates to the City Council about any settlements.