



## STAFF REPORT

**DATE:** April 25, 2024  
**TO:** The Honorable Mayor and City Council  
**FROM:** Kyle Maurer  
**SUBJECT:** Discussion of the requested fiscal year 2025/2026 Public Safety budgets

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**RECOMMENDATION:**

N/A – This is for discussion only.

**ISSUE BEFORE COUNCIL:**

Does the Council need additional information on the budgetary items presented?  
Are there any budgetary items the Council disagrees with?

Staff would like direction on the Council's property tax philosophy for the Police Department. During the HCSEA Truth in Taxation hearing, the Board discussed restricting new growth property tax revenue for new growth expenditures. Staff would like direction if this is the Council's preferred philosophy. The budget has been prepared assuming new growth revenue could be used to fund general increases in the department.

**BACKGROUND/SUMMARY:**

As part of the fiscal year 2025/2026 budget process, staff have been discussing department budgets before presenting the tentative budget.

**DISCUSSION:**

City of Herriman Requested Fiscal Year 2025/2026 Budgets - Police Department									
	FY2025					FY2026			
	FY2025 Base Budget	FY2025 Ongoing Requests	FY2025 One Time Requests	FY2025 Department Requested Budget	FY2025 CM Recommended Budget	FY2026 Ongoing Requests	FY2026 One Time Requests	FY2026 Department Requested Budget	FY2026 CM Recommended Budget
Property Tax	8,711,400	319,950	-	9,031,350	9,031,350	345,210	-	9,376,560	9,376,560
Charges for Services	511,600	16,200	-	527,800	527,800	16,200	-	544,000	544,000
Intergovernmental	159,532	3,978	-	163,510	163,510	(1,070)	-	162,440	162,440
Miscellaneous	13,500	(12,900)	-	600	600	-	-	600	600
<b>Grand Total</b>	<b>9,396,032</b>	<b>327,228</b>	<b>-</b>	<b>9,723,260</b>	<b>9,723,260</b>	<b>360,340</b>	<b>-</b>	<b>10,083,600</b>	<b>10,083,600</b>
	FY2025					FY2026			
	FY2025 Base Budget	FY2025 Ongoing Requests	FY2025 One Time Requests	FY2025 Department Requested Budget	FY2025 CM Recommended Budget	FY2026 Ongoing Requests	FY2026 One Time Requests	FY2026 Department Requested Budget	FY2026 CM Recommended Budget
Personnel	7,745,610	275,920	-	8,021,530	8,021,530	438,430	-	8,459,960	8,459,960
Operating	1,525,525	(78,685)	-	1,446,840	1,446,840	92,390	-	1,539,230	1,539,230
Debt Service	149,435	15	-	149,450	149,450	12,200	-	161,650	161,650
Transfers Out	-	-	22,000	22,000	22,000	-	512,000	512,000	512,000
<b>Grand Total</b>	<b>9,420,570</b>	<b>197,250</b>	<b>22,000</b>	<b>9,639,820</b>	<b>9,639,820</b>	<b>543,020</b>	<b>512,000</b>	<b>10,672,840</b>	<b>10,672,840</b>
<b>Revenues</b>									
Over/(Under)									
Expenditures	<u>(24,538)</u>				<u>83,440</u>	<u>83,440</u>			<u>(589,240)</u>
Anticipated Savings									<b>430,000</b>
<b>Adjusted Revenues</b>									
Over/(Under)									
Expenditures									<u>(159,240)</u>

For fiscal year 2025 the overall budget is requested to increase \$219,250 (2%). Operating expenditures are anticipated to decrease \$78,685, largely due to decreases in Seminars, Training, and Travel; General Supplies; Telephone; and Dispatch. Police Administration thoroughly examined each line item to ensure operating costs were budgeted as closely to anticipated actuals as possible. Personnel increases total \$275,920 (3.6%). This increase is due to:

- Anticipated Cost of Living Adjustment (COLA) and Police step increases.
- 1.9% increase in Tier I Public Safety retirement costs.
- 9.2% increase in Tier II Public Safety retirement costs.
- 1% increase in insurance premiums

The “Transfers Out” of \$22,000 is for a requested speed trailer (budgeted in the Capital Equipment Fund).

The budget presented above assumes the property tax “new growth” revenue will be used to fund current operating expenses (a longer discussion will be included later in the staff report).

For fiscal year 2026 the overall budget is requested to increase \$1,055,020 (11%). Key components of the operating budget requested increase (\$92,390) are as follows:

- Increase in General Supplies \$20,900 (7%) (anticipated cost increases)

- Increase in software costs \$20,000 (40%) (mainly due to the addition of Case Service to Versaterm) (implementation cost in capital outlay)
- Anticipated increase in dispatch fees \$36,850 (10% anticipated increase)

Personnel costs are budgeted to increase \$438,430 (6%). The main reasons for this increase are as follows:

- Anticipated COLA and Police step increases
- 0.3% increase in Tier I Public Safety retirement costs
- 2.59% increase in Tier II Public Safety retirement costs
- 6% increase in Medical Insurance rates; 5% increase in Dental Insurance Rates

Debt service is anticipated to increase \$12,200 in fiscal year 2026 (8%). This is largely due to the addition of the Axon interview room contract to the existing Axon contract. Accounting standards require certain long-term equipment and software contracts to be classified as debt in the financial statements.

The Police Department is also requesting \$22,000 for a new speed trailer, \$60,000 for Versaterm Case Service Integration, and \$430,000 for a SWAT armored vehicle. The tentative budget will recommend using anticipated fiscal year 2024 and 2025 underspend to cover the cost of the armored vehicle. The Police Department has indicated vehicles may be needed for fiscal year 2026 but prefer to wait until vehicle condition assessments are completed at the end of fiscal year 2025 before making any requests. Currently, with an anticipated 3% growth in property tax revenue, the Police Department will be short \$159,240 for the fiscal year.

*Police Property Tax*

The Herriman City Safety Enforcement Area (HCSEA) provides funding for Police Services within the City of Herriman. Below is a table outlining the revenues and expenditures of the fund for fiscal years 2025 and 2026:

Herriman City Safety Enforcement Area Requested Fiscal Year 2025/2026 Budgets					
	FY2025 CM			FY2026 CM	
	FY2025 Base Budget	FY2025 Ongoing	Recommended Budget	FY2026 Ongoing	Recommended Budget
Taxes	9,670,940	292,950	9,963,890	306,080	10,269,970
Miscellaneous	18,880	28,000	46,880	39,130	86,010
<b>Grand Total</b>	<b>9,689,820</b>	<b>320,950</b>	<b>10,010,770</b>	<b>345,210</b>	<b>10,355,980</b>
	FY2025 CM			FY2026 CM	
	FY2025 Base Budget	FY2025 Ongoing	Recommended Budget	FY2026 Ongoing	Recommended Budget
Operating	-	1,000	1,000	-	1,000
Transfers	8,711,400	319,950	9,031,350	345,210	9,376,560
<b>Grand Total</b>	<b>8,711,400</b>	<b>320,950</b>	<b>9,032,350</b>	<b>345,210</b>	<b>9,377,560</b>
<b>(Under)</b>					
<b>Expenditures</b>	<b>978,420</b>		<b>978,420</b>		<b>978,420</b>

Property tax is budgeted to increase 3% each year due to new growth. As a reminder, property tax in Utah does not have built-in inflationary increases and the only increase that occurs is due to new growth (new homes, businesses, etc.). The exact amount of the increase will not be known until early June.

During the August 2023 HCSEA Truth in Taxation meeting, it was discussed restricting revenue increases due to new growth for new growth expenditures. The current budget was created assuming that new growth funds would pay for existing expenditure increases. Staff would like direction on the Council’s philosophy regarding property tax new growth revenue. New growth will provide an additional \$319,950 of revenue in fiscal year 2025 and \$345,210 in fiscal year 2026. Currently, the new growth in fiscal year 2026 is not sufficient to cover the Police Department’s requested increases (not due to new growth).

The August 2023 HCSEA Truth in Taxation meeting restricted the approved property tax increase to the following items:

1. Vehicle/fleet replacement \$697,720 (8.7%)
2. Mental Health Specialist \$88,220 (1.1%)
3. Officers Required to Meet Demand \$192,480 (2.4%)

Total approved increase: \$978,420 (12.2%). These funds have not been transferred to the Police Department’s budget and are shown as fund balance in the HSCEA Fund. The Finance Director plans to transfer the vehicle/fleet replacement funds to the Capital Equipment fund to start a reserve for future Police vehicle replacements.

*Public Safety Funds (Non Police)*

City of Herriman Requested Fiscal Year 2025/2026 Budgets - Public Safety (Non Police)									
	FY2025				FY2026				
	FY2025 Base Budget	FY2025 Ongoing Requests	FY2025 One Time Requests	FY2025 Department Requested	FY2025 CM Recommended Budget	FY2026 Ongoing Requests	FY2026 One Time Requests	FY2026 Department Requested	FY2026 CM Recommended Budget
Charges for Services	19,400	(5,200)		14,200	14,200	1,200		15,400	15,400
Licenses and Permits	17,000	(4,000)		13,000	13,000	1,000		14,000	14,000
Donations	500	(500)		-	-	-		-	-
Fines and Forfeitures	-	10,000		10,000	10,000	-		10,000	10,000
Transfers	1,097,077	77,013	73,880	1,247,970	1,247,970	37,820	-	1,211,910	1,211,910
<b>Grand Total</b>	<b>1,133,977</b>	<b>77,313</b>	<b>73,880</b>	<b>1,285,170</b>	<b>1,285,170</b>	<b>40,020</b>	<b>-</b>	<b>1,251,310</b>	<b>1,251,310</b>

  

	FY2025				FY2026				
	FY2025 Base Budget	FY2025 Ongoing Requests	FY2025 One Time Requests	FY2025 Department Requested	FY2025 CM Recommended Budget	FY2026 Ongoing Requests	FY2026 One Time Requests	FY2026 Department Requested	FY2026 CM Recommended Budget
Personnel	794,830	39,900		834,730	834,730	28,210		862,940	862,940
Operating	339,147	(103,577)		235,570	235,570	7,240		242,810	242,810
Debt Service	-	140,990		140,990	140,990	4,570		145,560	145,560
Transfers Out	-	-	73,880	73,880	73,880	-	-	-	-
<b>Grand Total</b>	<b>1,133,977</b>	<b>77,313</b>	<b>73,880</b>	<b>1,285,170</b>	<b>1,285,170</b>	<b>40,020</b>	<b>-</b>	<b>1,251,310</b>	<b>1,251,310</b>

  

<b>Revenues Over/(Under)</b>									
<b>Expenditures</b>	-	-	-	-	-	-	-	-	-

For fiscal year 2025 the overall budget is requested to increase \$151,193 (13%). Key factors influencing this increase are as follows:

- Anticipated COLA, health insurance, and retirement increases (\$16,570)
- Janitorial and telephone services for the Animal Services building (\$8,640)
- Common Area Maintenance (CAM) and rent expense increase for Animal Services Building (\$32,890)
- Increase for Administrative Law Judge (\$7,000) (offsetting fine revenue)
- Crossing guard COLA and 5 additional crossings (42 to 47) (\$23,330) (7.5%)
- Animal Services vehicle replacement (Ford F150) (\$73,880)

For fiscal year 2026 the overall budget is requested to increase \$40,020 (3%). There are no major planned expenditure increases other than an anticipated COLA, health insurance increases, and anticipated operating cost increases.

**ALTERNATIVES:**

N/A – This is for discussion only.

**FISCAL IMPACT:**

Fiscal impacts will be contingent on the final budget adopted by the City Council in June and funds available in the Herriman City Safety Enforcement Area (HCSEA).

**ATTACHMENTS:**

Detail budgets

New vehicle request

Vehicle replacement request