

# City Council Budget Discussion

Special City Council Work Meeting

February 21, 2024



# Financial/Budgetary Accomplishments

- ▶ Development fees and expenses separated
- ▶ Police "standing on its own"
- ▶ Realistic revenue expectations
- ▶ Long-term forecast models
- ▶ CIP
- ▶ Long-term mindset

# "Base" FY2025 Budget Current Economic Factors



# Latest Headlines

Japan just lost its crown as the world's third-largest economy

Inflation has cooled in U.S., but less than expected

Household Affordability Near Record Low as Mortgage Rates Remain Elevated

Data Show the Economy Is Booming. Wall Street Thinks Otherwise.

Utah's Consumer Sentiment Rose in January

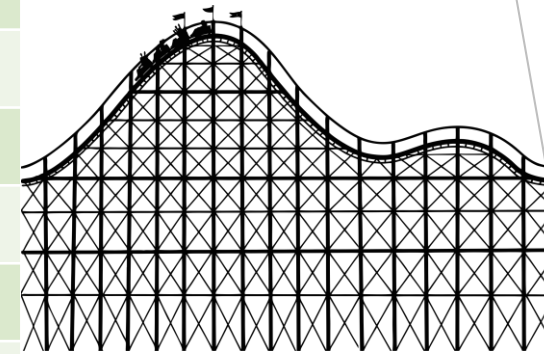
**Economic Outlook:**  
2024 Outlook: Don't Count Your Chickens Before They Hatch

Japan and the UK are in recessions. Is the US next?

<b>30th Most Favorable</b> Annual Employment Growth Utah (1.7%) US (1.9%)	<b>More Utahns Work</b> 1st Highest Labor Force Participation Rate	<b>8th Lowest</b> Unemployment Rate Utah (2.8%) US (3.7%)
<b>Still Youngest</b> Median Age Utah (32.1) US (39.0)	<b>Still Largest</b> Household Size Utah (2.95) US (2.50)	<b>2nd Lowest</b> Poverty Rate Utah (8.2%) US (12.6%)
		<b>2nd Highest</b> Median Household Income Utah (\$95,800) US (\$74,580)

# Sales Tax - The Latest

Month	% Increase (Decrease) From Prior Year
August (June POS)	1.5%
September (July POS)	3.3%
October (August POS)	(7.6%)
November (September POS)	7.9%
December (October POS)	1.3%
January (November POS)	17.1%
February (December POS)	(13.27%)
<b>AVERAGE:</b>	<b>1.7%</b>



- ▶ Estimate - 3% increase both years

# Property Tax - General Fund

Fiscal Year	Amount	% Increase
FY2020	\$741,929	6.3%
FY2021	812,786	9.6%
FY2022	871,083	7.2%
FY2023	933,756	7.2%
FY2024	996,192	6.6%
FY2025*	1,026,000	3.0%
FY2026*	1,056,800	3.0%

- ▶ Estimate - 3% increase both years
- ▶ Building permits decreased 34% between FY2022 and FY2023
- ▶ Final numbers - June 2023

# Property Tax - HCSEA

Fiscal Year	Amount	% Increase
FY2020	\$5,944,637	13.3%
FY2021	6,607,942	11.2%
FY2022	7,062,565	6.9%
FY2023	7,558,404	7.0%
FY2024*	8,019,756	6.1%
FY2025*	8,260,349	3.0%
FY2026*	8,508,159	3.0%

*\*Excludes FY2024 property tax increase*

- ▶ Estimate - 3% increase both years
- ▶ Final numbers - June 2023

# Property Tax - HCFSA

Fiscal Year	Amount	% Increase
FY2023	\$7,558,404	
FY2024	\$8,019,756	6.1%
FY2025*	\$7,325,700	(8.6%)
FY2026	\$7,485,500	2.2%

\*CDRA participation begins FY2025 (\$927,000)



# "Base" Budget - General Fund

- ▶ Same revenue and expenditures as prior year
- ▶ No personnel changes from prior year
- ▶ FY2026 - Based on FY2025 requests (less personnel)
- ▶ Not realistic, but starting point
- ▶ Budgets - Page 31 in packet

	FY2025
Revenue	\$21,887,439
Personnel	11,451,770
Operating	8,939,958
Grants	90,500
Transfers Out (Debt Service, Public Safety)	2,797,897
Admin Fee Offset	(3,377,900)
<b>Total</b>	<b>19,902,225</b>
Remaining	\$1,985,214

# “New” Money - General Fund

	FY2025	FY2026
Sales Tax	\$244,275	\$403,300
Property Tax	32,000	32,600
Other Tax	66,100	75,100
Other	(71,490)	31,500
Class C Roads	60,701	41,700
<b>Total</b>	<b>331,586</b>	<b>584,200</b>
<b>Requests</b>	<b>\$2,387,305</b>	<b>\$1,653,075</b>
<b>Difference</b>	<b>(\$2,055,719)</b>	<b>(\$1,068,875)</b>

# Transportation Funding and Expense

	FY2025 Base	FY2025 Req
<b>Revenue</b>		
Class C Roads	\$2,022,299	\$2,083,000
Trans Sales Tax	1,199,225	1,083,200
<b>Total</b>	<b>\$3,221,524</b>	<b>\$3,166,200</b>
<b>Expenditures</b>		
Streets	\$3,512,929	4,237,550
Snow Removal	\$249,000	278,600
Street Signs	\$138,885	148,400
Street Lights	646,201	719,800
<b>Total</b>	<b>\$4,547,015</b>	<b>\$5,384,350</b>
<b>Difference</b>	<b>(\$1,325,491)</b>	<b>(\$2,218,150)</b>
<b>% Coverage</b>	<b>71%</b>	<b>59%</b>

# "Base" Budget - Police Fund

	FY2025
Revenue*	\$9,396,032
Personnel	7,745,700
Operating	1,525,525
Debt Service	149,435
<b>Total</b>	<b>\$9,420,660</b>
<b>Remaining</b>	<b>(\$24,628)</b>

*\*Does not include FY2024 tax increase - \$978,600*

# "Base" Budget - Development Services Fund

	FY2025	FY2025 Req
Revenue	\$3,728,000	\$3,728,000
Personnel	1,286,000	1,335,000
Operating	318,682	398,700
Admin Fee	1,994,000	2,014,000
Debt Service	62,000	62,000
<b>Total</b>	<b>\$3,660,682</b>	<b>\$3,809,700</b>
<b>Remaining</b>	<b>\$67,318</b>	<b>(\$81,700)</b>

*Notes:*

*-Fee study in progress*

*-Administrative fee cost allocation not completed*

# "Base" Budget - Water Fund

	FY2025
<b>Revenue</b>	<b>\$14,158,538</b>
Personnel	2,243,500
Operating	10,001,379
Debt Service	2,613,700
<b>Total</b>	<b>\$14,858,579</b>
<b>Remaining</b>	<b>(\$700,041)</b>

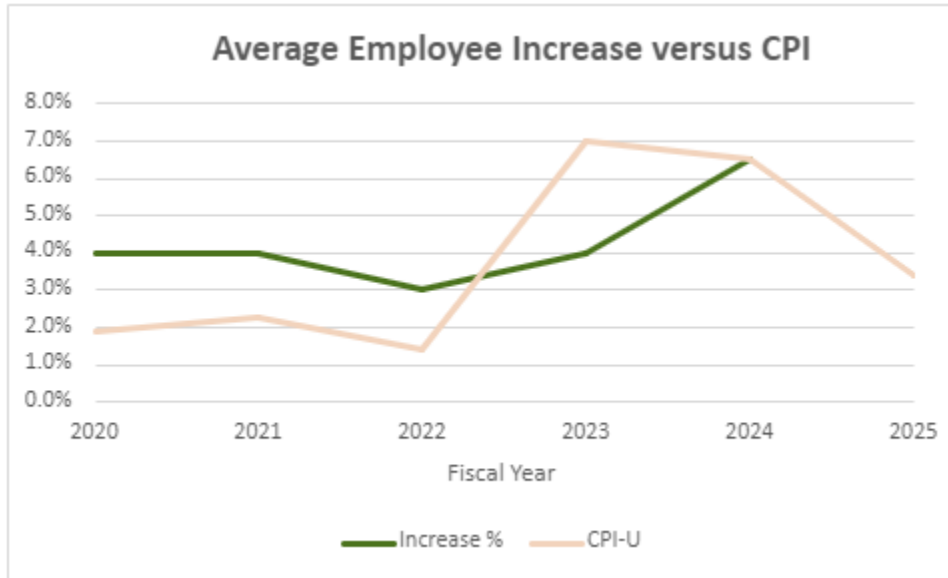
# Personnel Staffing and Assumptions



# Potential Personnel Market Adjustments

## “Frozen” Positions

- ▶ 6 employees; City Council (5); Mayor (1) (last year - 78 employees)
- ▶ Spanish speaking incentive (0.50/hour)
- ▶ Packet - Page 42
- ▶ 5 Year Average CPI-U Increase (FY2021-2025): 4.1%
- ▶ 5 Year Average City Increase (FY2020-FY2024):4.3%
- ▶ Amount used for modeling: 3.4%



- ▶ “Frozen” positions (6) - \$602,200 (packet page 45)
- ▶ 5% insurance increase (estimate)



# Retirement

Fund	Employees	2023 Rate (%)	2024 Rate (%)	Difference (%)
Tier I	62	17.97	16.97	(1.00)
Tier II-Hybrid	101	16.19	15.19 (0.70% Employee)	(1.00)
Tier II-DC	73	16.19	15.19	(1.00)
Tier I Public Safety	23	32.28	32.57	0.29
Tier II Public Safety-Hybrid	18	26.33	28.76	2.43
Tier II Public Safety-DC	1	23.74	24.03	0.29

# FY2025 Personnel Summary

City of Herriman							
FY2025 Personnel Summary - By Fund							
	General	Police	Building Services	Water	Storm Water	Total	
Base Wages/Benefits	12,120,000	7,333,100	1,282,000	2,211,500	442,200	<b>23,388,800</b>	
Insurance	63,500	31,300	6,600	13,300	2,500	<b>117,200</b>	
Market Adjustments	63,500	-	-	-	-	<b>63,500</b>	
COLA/Step Increase	374,500	300,400	38,100	69,000	15,000	<b>797,000</b>	
New Positions Requested	494,200	-	-	176,400	80,200	<b>750,800</b>	
Career Ladder/Other	112,700	-	6,200	30,900	18,500	<b>168,300</b>	
<b>Total Increase</b>	<b>1,108,400</b>	<b>331,700</b>	<b>50,900</b>	<b>289,600</b>	<b>116,200</b>	<b>1,896,800</b>	
Total Payroll	13,228,400	7,664,800	1,332,900	2,501,100	558,400	<b>25,285,600</b>	
FY2024 Budget	12,235,000	7,218,800	1,229,000	2,266,100	442,800	<b>23,391,700</b>	
<b>Difference</b>	<b>(993,400)</b>	<b>(446,000)</b>	<b>(103,900)</b>	<b>(235,000)</b>	<b>(115,600)</b>	<b>(1,893,900)</b>	
FTE - Beginning	123.24	48.00	11.00	25.23	5.00	<b>212.47</b>	
FTE - Requested	6.30	-	-	2.00	1.00	<b>9.30</b>	
<b>FTE - Ending</b>	<b>129.54</b>	<b>48.00</b>	<b>11.00</b>	<b>27.23</b>	<b>6.00</b>	<b>221.77</b>	
FTE - "Frozen" Positions	4.00	-	-	2.00	-	<b>6.00</b>	

# FY2026 Personnel Summary

City of Herriman FY2026 Personnel Summary - By Fund							
	General	Police	Building Services	Water	Storm Water	Total	
Base Wages/Benefits	13,228,400	7,664,800	1,332,900	2,501,100	558,400	25,285,600	
Insurance	76,600	30,500	1,600	23,200	3,000	134,900	
Market Adjustments	-	-	-	-	-	-	
COLA/Step Increase	394,700	348,000	39,100	74,800	15,600	872,200	
New Positions Requested	377,900	-	-	91,400	-	469,300	
Career Ladder/Other	58,300	-	-	26,500	1,100	85,900	
<b>Total Increase</b>	<b>907,500</b>	<b>378,500</b>	<b>40,700</b>	<b>215,900</b>	<b>19,700</b>	<b>1,562,300</b>	
Total Payroll	14,135,900	8,043,300	1,373,600	2,717,000	578,100	26,847,900	
FTE - FY2024	123.24	48.00	11.00	25.23	5.00	212.47	
FTE - FY2025 Request	6.30	-	-	2.00	1.00	9.30	
FTE - FY2026 Request	5.31	-	-	1.00	-	6.31	
<b>FTE - Ending</b>	<b>134.85</b>	<b>48.00</b>	<b>11.00</b>	<b>28.23</b>	<b>6.00</b>	<b>228.08</b>	
FTE - FY2024 "Frozen" Positions	4.00	-	-	2.00	-	6.00	

# CIP Overview

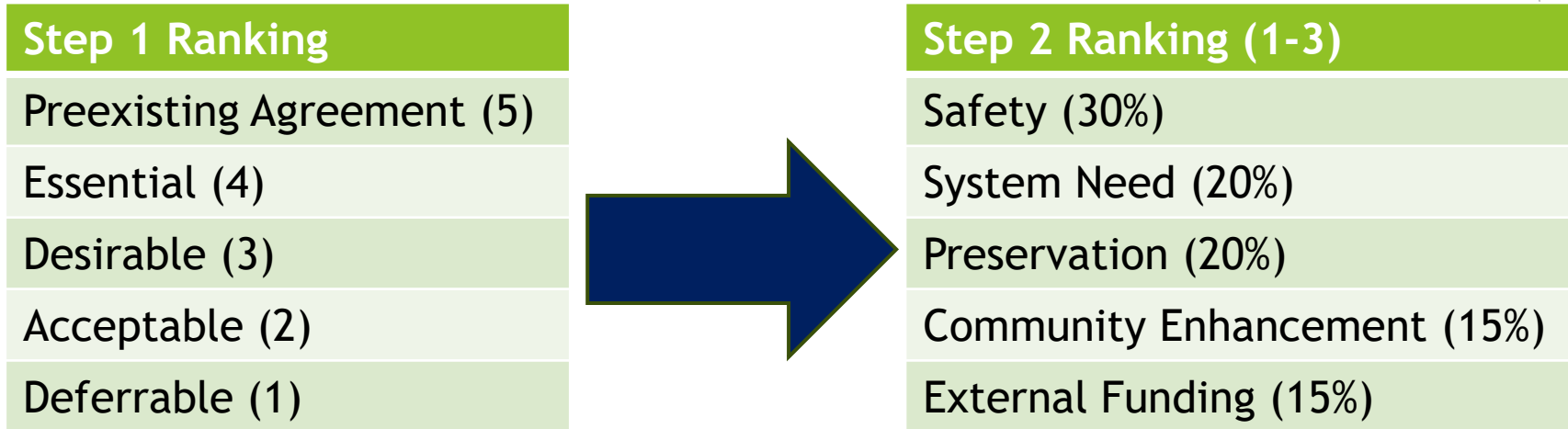
## CIP Committee



# Overview - CIP Committee

- ▶ One member from each department; chaired by Finance Director
- ▶ Develops policies/procedures for submission; ranks projects
- ▶ Sends proposed capital plan to the City Manager
- ▶ Two step rating process
- ▶ Committee bylaws - Page 85

# Rating System



- ▶ “Preexisting Agreement” - No Step 2 ranking

# Overview - CIP

- ▶ 181 projects in system
- ▶ 2025 requests - \$53 million; 2026 - \$37 million
  - ▶ Agreements - \$29.4 million (2025); \$7.5 million (2026)
- ▶ Requests by Council priority (2024):
  - ▶ Quality of life - \$7.3 million
  - ▶ Essential services - \$46 million
  - ▶ Public engagement/interaction - \$30K
- ▶ Vehicles not in CIP (still compiling information)
- ▶ List by funding source - Packet Pg. 91

# CIP Funding Available (2025)

	General CIP	Road Impact	Parks Impact
Fund Balance	\$1,900,000	\$514,000	\$6,300,000
ARPA Funding	1,000,000	0	0
Anticipated Revenue	0*	2,000,000	2,300,000
<b>Funding Available</b>	<b>\$2,900,000</b>	<b>\$2,514,000</b>	<b>\$8,600,000</b>
Requests	\$10,800,000	\$6,400,000	\$5,995,000
Over/(Under)	(\$7,900,000)	(\$3,886,000)	\$2,605,000
Reimbursements/Agreements	\$4,600,000	\$6,000,000	\$1,245,000

*\*Does not include General Fund contribution*



# Submittals Versus Total Funding - Impact Fees

	Road Impact	Park Impact	Police Impact	Fire Impact
Requests (10 Year)	\$21,035,000	\$27,715,000	\$21,500,000	\$8,700,000
Remaining Revenue	105,200,000	\$18,050,000	\$4,400,000	\$3,600,000
Difference	84,165,000	(\$9,665,000)	(\$17,100,000)	(\$5,100,000)

# Possible Bonding Scenario-Agreements

City of Herriman Upcoming MDA and Agreement Capital Projects						
CIP #	CIP Description	Development	General	Transportation Impact	Park Impact	Governmental Total
0001-02	11800 South Phase 2	Creek Ridge	\$ -	\$ 3,500,000	\$ -	\$ 3,500,000
0011-02	6400 West Improvmeents Phase 2	Creek Ridge	1,210,100	741,000	-	1,951,100
0011-03	6400 West Improvements Phase 3	Creek Ridge	2,158,130	1,311,000	-	3,469,130
0055-05	Herriman Blvd Phase 5	Creek Ridge	795,900	265,400	-	1,061,300
0038-00	Creek Ridge Open Space Corridor	Creek Ridge	-	-	810,000	810,000
0186-00	Herriman Highway Widening	Hidden Oaks	-	1,000,000	-	1,000,000
0203-00	Hidden Oaks Backbone 1A	Hidden Oaks	51,896	524,719	-	576,615
0062-00	Hidden Oaks Open Space Improvements	Hidden Oaks	-	-	5,500,000	5,500,000
0044-02	Dansie Blvd Phase 3	Hidden Oaks	133,000	1,344,000	-	1,477,000
0011-01	6400 West Improvements Phase 1	Olympia	1,220,000	540,000	495,000	2,255,000
0202-00	6400 West Waterlines	Olympia	-	-	-	-
0005-01	13800 S Roadway Phase 1		600,000	200,000	-	800,000
0005-02	13800 S Roadway Improvements Phase 2		695,000	225,000	-	920,000
			<b>\$ 6,864,026</b>	<b>\$ 9,651,119</b>	<b>\$ 6,805,000</b>	<b>\$ 23,320,145</b>

# "Roadmap" to the Tentative and Final Budgets



# Next Steps

- ▶ Department discussions - Budget requests
- ▶ Further refinement - CIP list; possible bonding scenarios
- ▶ Water rate study; water capital projects
- ▶ Tentative budget - City Manager's recommendations (May)
- ▶ Further adjustments - Final City Council budget

Questions?

