

# Tentative Budget FY 2020

April 16, 2019



# Agenda

1. Budget Process Review
2. FY 2020 Budget in Brief
3. Budget Document
4. Budget Tools
  - Balancing Spreadsheet
  - Tax & Rate Estimator
  - Public Online Balancing Tool
5. Calendar
6. Adopt Resolution



# Process Review

- Internal Studies

- Capital facility study
- Long-term plan analysis
  - Property tax analysis
- Fee comparison study

- Outside Studies

- Kerri Nakamura & Associates
  - Property tax presentation
- Lewis Young Robertson & Burningham
  - Comprehensive Financial Sustainability Plan



# February 12<sup>th</sup> Workshop

## General Fund – Historical Overview

	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2019 Budget	5-Year Average	2020 Estimated
Revenues	\$ 50,895,662	\$ 51,820,078	\$ 52,866,180	\$ 54,503,287	\$ 55,218,667	\$ 53,060,775	\$ 56,225,177
Expenses	\$ 50,895,662	\$ 51,820,078	\$ 52,866,180	\$ 54,503,287	\$ 55,218,667	\$ 53,060,775	\$ 52,996,720
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,228,457
Dollar Change	\$ 1,517,077	\$ 924,416	\$ 1,046,102	\$ 1,637,107	\$ 715,380	\$ 1,168,016	\$ 1,006,510
Percent Change	3.07%	1.82%	2.02%	3.10%	1.31%	2.26%	1.82%

We generally allocate at least \$500,000 to one-time items.

# February 12<sup>th</sup> Summary

1. About \$3.2M in available ongoing revenue
  - Allocate a portion of this to one-time items
2. Approximately \$1.9M of one-time, general revenue for capital projects
3. About \$4.1M of restricted revenue for capital projects
4. To maintain service levels and a quality workforce, the compensation plan will likely require a large portion of the available ongoing revenue

# Council Priorities Exercise (March)

General Compensation	Infrastructure	General Compensation	General Compensation	Fund Balance to 15%	General Compensation	Targeted Fire Compensation Increase
Public Safety Benefits	General Compensation	Facilities O&M	Public Safety Compensation	Gradual Tax Increase Possible	Increase lobby funding	Increase Fire FTEs
	Fire Compensation	New Parks & Rec Building	Increase FTEs	Capital project funding plan	Parks & Trails	General Compensation
	Technology for Government Efficiency	Tax Increase Possible		Infrastructure	No new bonding	Tax Increase Possible
	Technology: resident experience	GO Bond Possible	Facilities Environmental Upgrades	Public Safety retention	No property tax increase	Internal Services FTEs
		Targeted Fire Compensation Increase	Alternative funding strategies	Sidewalk/Safe Walking routes	Increase FTEs	

Priorities Key:

- 1. General Compensation
- 2. Infrastructure
- 3. Public Safety
- 4. Increase FTEs
- 5. Tax Increase

# Today's Tentative Budget

## General Fund Historical Overview

	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2019 Budget	5-Year Average	2020 Estimated
Revenues	\$ 50,895,662	\$ 51,820,078	\$ 52,866,180	\$ 54,503,287	\$ 55,218,667	\$ 53,060,775	\$ 56,231,896
Expenses	\$ 50,895,662	\$ 51,820,078	\$ 52,866,180	\$ 54,503,287	\$ 55,218,667	\$ 53,060,775	\$ 56,231,896
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dollar Change	\$ 1,517,077	\$ 924,416	\$ 1,046,102	\$ 1,637,107	\$ 715,380	\$ 1,168,016	\$ 1,013,229
Percent Change	3.07%	1.82%	2.02%	3.10%	1.31%	2.26%	1.83%

**\$755,000 allocated to one-time items.**



# Budget in Brief

A Quick Overview of Sandy City's Tentative Budget

# FY 2019-2020

**"Working together to improve the  
quality of life in our community."**

## Citywide Goals



Maintaining and Improving  
Core Municipal Services



Developing & Maintaining  
Community Facilities



Strengthening Communication  
With Citizens and Others



Preserving and Improving  
Public Infrastructure



Seeking, Maintaining and  
Expanding Businesses



Preserving and Improving  
Neighborhoods and  
Property Values



Developing and Improving  
Recreational Opportunities



Maintaining A Highly  
Qualified Workforce



# Consolidated Budget



## \$117.6M

The consolidated budget includes operating and capital expenditures for the entire City. The total budget is made up of various funds, to ensure that money received or collected is spent appropriately, transparently, and in compliance with the law.



### General Fund

The General Fund pays for the operation of government services that benefit the general public. This includes parks, community events, policing, firefighters, roads, planning, and court services.

**\$56M**



### General Fund Balance

Sandy City's policy is to maintain a reserve to ensure financial stability when revenues fall short or when emergencies arise. **This budget adds \$126,000 to reach our target amount, which is 12% of General Fund revenues in fund balance.**

**\$6.7M**



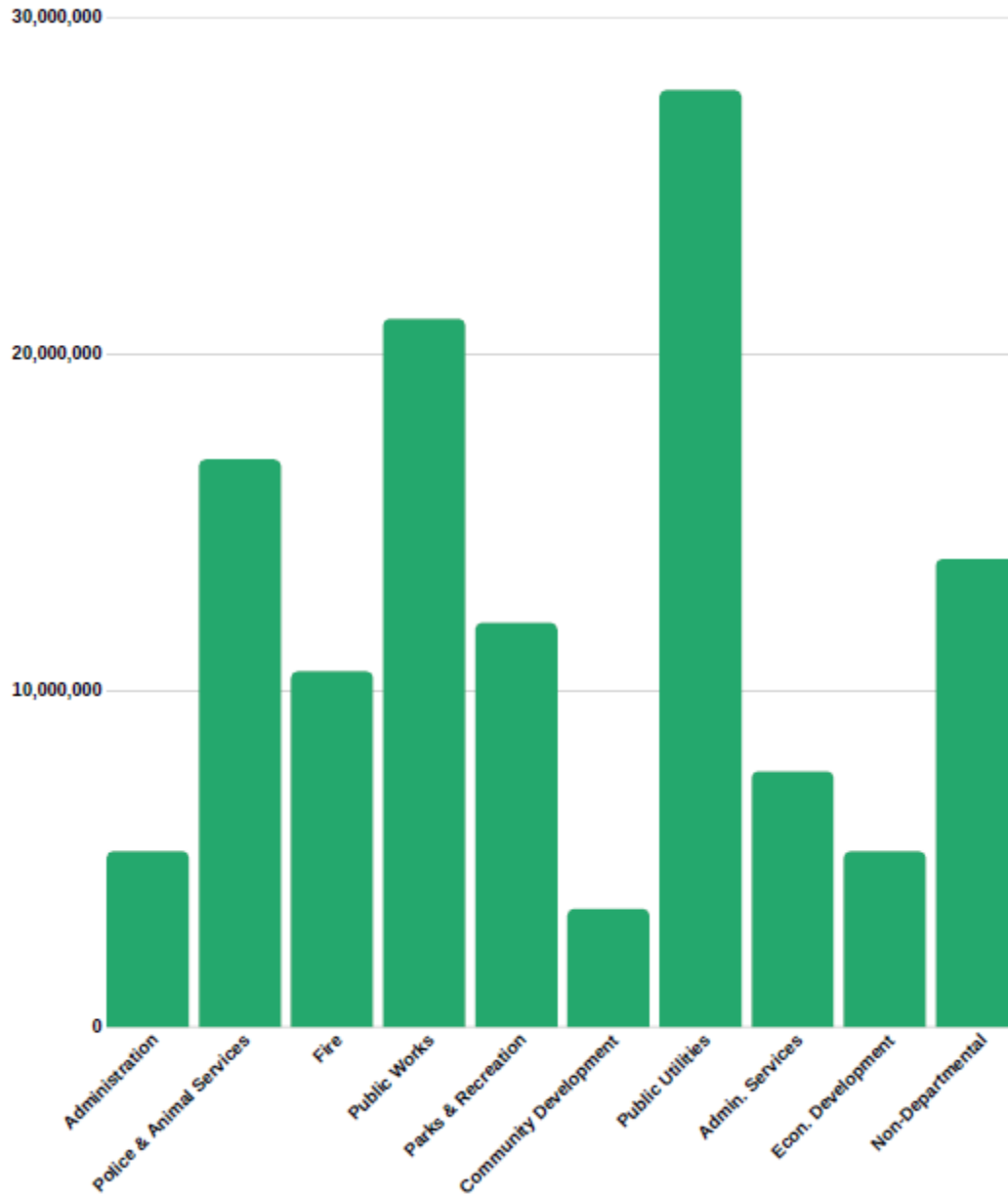
### Debt Servicing (Bond Payments)

Sandy City uses a "pay-as-you-go" strategy with some long-term financing to keep the debt burden low. Sandy City also maintains a AA+ bond rating from Standard and Poor's.

**This year's general debt payments will total around \$9.9 million dollars, 7% of which comes from the General Fund.**

**\$9.9M**

# Figure 1. "Consolidated Department Budgets"



# Revenues

## Challenges with General Revenues

The costs of maintaining our service levels throughout the community have continued to grow each year from inflation and population growth. A major issue facing the City is that two of our three major financing sources for our General Fund, property and franchise taxes, are declining or remaining stagnant and unable to keep up with rising costs. This means our revenues have less buying power, which makes it increasingly more difficult to maintain our service levels:

**\$22,898,000**

### General Sales & Use Taxes

We depend heavily on sales and use taxes (it's the city's biggest revenue source), but this financing source is volatile and can make it difficult to maintain our services during economic downturns.

**\$7,447,000**

### Franchise Tax

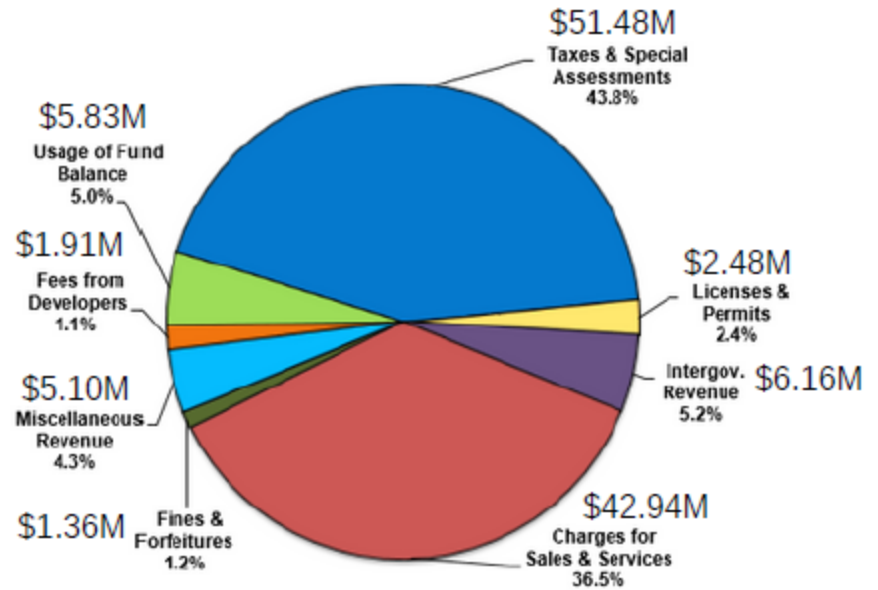
Local franchise taxes on private utilities and telecommunications companies have steadily been decreasing each year. **These revenues are estimated to drop by \$426,000 this year.**

**\$9,415,000**

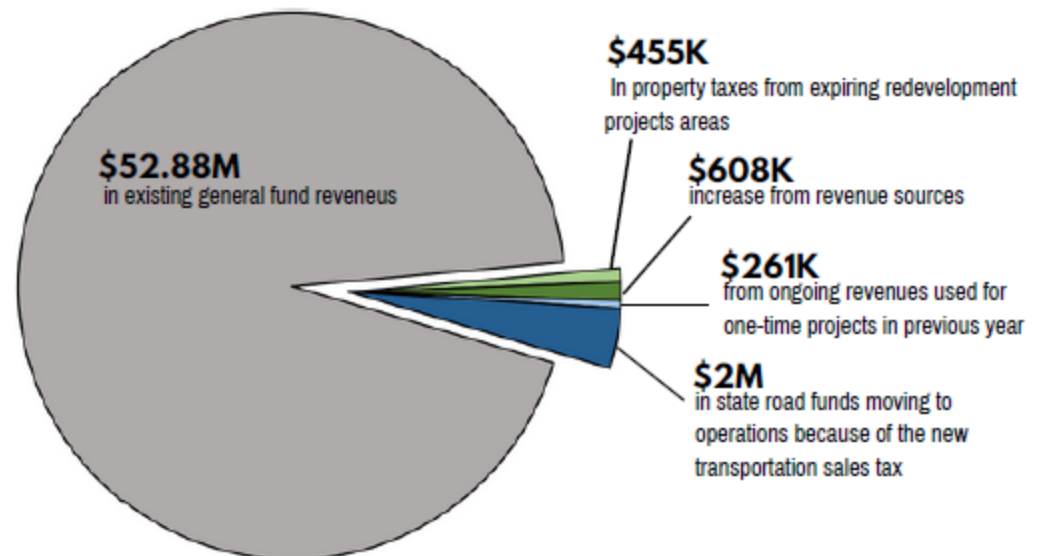
### Property Taxes

The city's property tax rates are set to bring in the same fixed amount of revenue each year regardless of property valuations, and consequently do not adjust for inflation.

**Figure 2. "Consolidated Revenues, FY 2020"**



**Figure 3. "New General Fund Revenues, FY 2020"**



# Revenues

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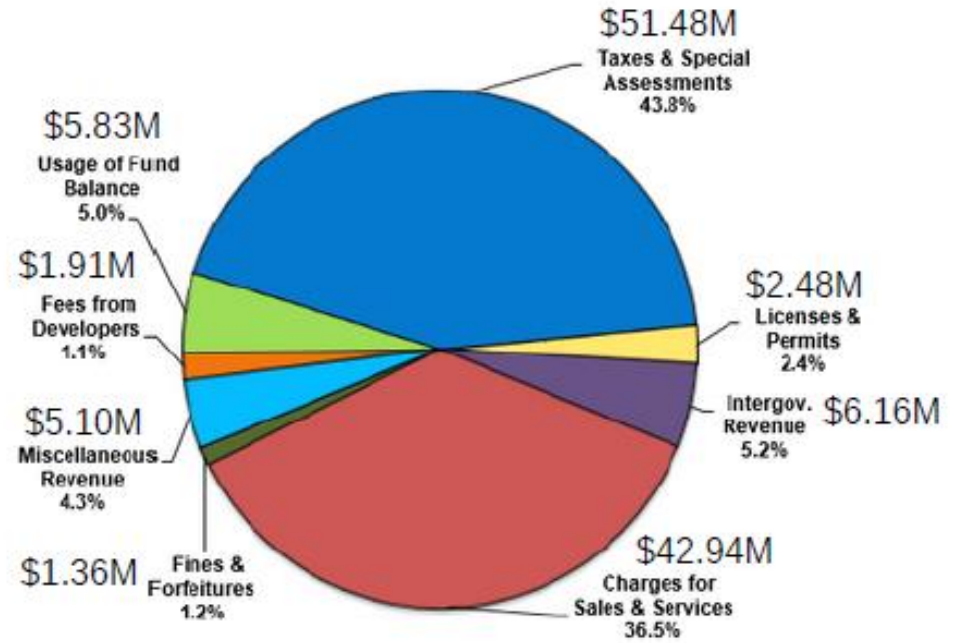
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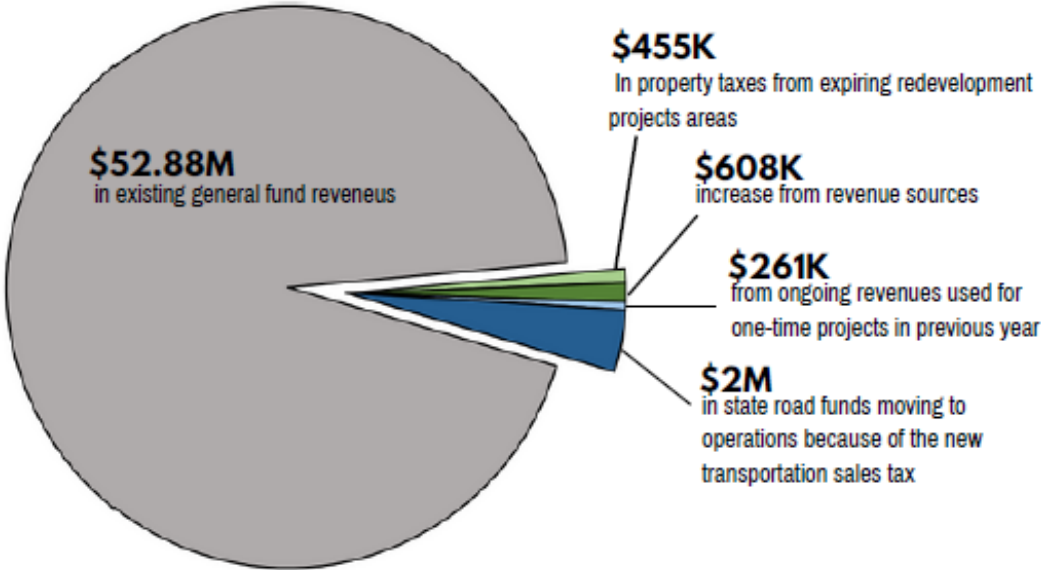
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**Figure 3. "New General Fund Revenues, FY 2020"**



The city would have little funding (less than \$650,000) to put towards increasing costs, needed maintenance, or increasing demand for existing services this year if it weren't for two major changes that provided additional income for general use:



Two of the city's redevelopment project areas, which seek to bring in new businesses and increase property values over a number of years, have finished and will bring in a new infusion to our ongoing property tax revenues of about **\$455,000**.



The State of Utah has created a new local sales tax option that allows local governments to increase the sales tax rate, with the intent of generating revenues specifically for transportation capital projects. We're estimating to bring in **\$2 million** in new revenues, which will be used for capital road improvements. This frees up other funds to be used on the operations and maintenance of our roads.

## Utility Base Rates (Monthly)

This year, only the waste/recycling utility rate is increasing, to adjust for the growing costs of providing recycling services. There are also new rates for our glass recycling program starting this upcoming fiscal year.

	FY 2019	FY 2020
Water*	\$14.43	\$14.43
Storm Water	\$ 6.00	\$ 6.00
Street Lighting	\$ 2.98	\$ 2.98
Waste/Recycling	\$14.45	\$15.95
<b>Voluntary Glass Recycling (New)</b>		
Start-up Fee	-	\$25.00
Monthly Rate	-	\$ 8.00

\*Water bills include a base rate, with additional charges for usage. This base rate is for a standard residential meter (3/4"). For more detail on water billing, please refer to the consolidated fee schedule in our actual budget book or visit Sandy City's website at <https://sandy.utah.gov/departments/public-utilities/utility-billing>

**Want To Make More Environmentally-Friendly Improvements To Your Home?**

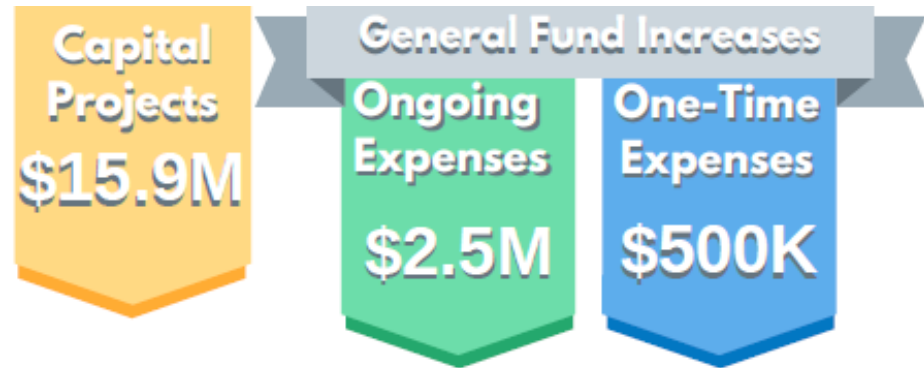
The Mayor's Office has allocated \$25,000 for new sustainability grants available to residents.





# Expenditures

*Each year, all budgets are reviewed to determine how to best allocate available revenue to meet service demands. New revenue helps cover the increasing costs of maintaining existing services, expanding services because of growth in our community, or the changing needs of the citizens. Below are some highlights outlining how general and restricted revenues would be spent in this year's tentative budget:*



## Maintaining A Highly Qualified Workforce



**\$1.7M**

With competitive salaries and benefits, Sandy City can recruit and retain qualified employees who can do the job right, which is critical in providing the best service possible to our residents. That's why the tentative budget includes **\$1.5 million** in general compensation increases citywide, along with **\$190,000** in targeted pay adjustments for our firefighters.



# Pay Period Calendar Adjustment

- FY 2020 Pay Periods:
  - There are 26.2 pay periods in FY 2020 compared to 26.0 pay periods in FY 2019. This is an anticipated cost increase of \$315,000 to all funds.



# Compensation Plan

## Guiding Principles

- Appropriate Pay Ranges
  - Market competitiveness
  - Economic indicators (e.g., CPI) and market review
  - Economic conditions (e.g., Job Market / Unemployment Rate)
- Appropriate Pay for Individual Employees
  - Paying employees appropriately for individual contribution
  - Progression through salary ranges
  - Step and Grade pay plan for Police and Fire
- Fiscal Responsibility
  - Available revenues
  - Service and staffing levels
  - Public sentiment
  - Regulatory compliance (i.e. Affordable Care Act)

# Compensation Plan Continued

## Reasons for Proposed Plan

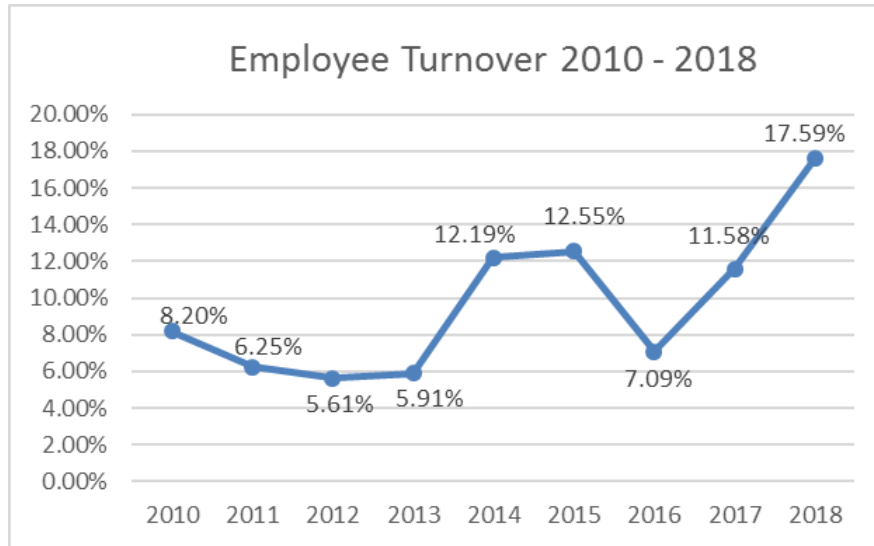
- Economic data
- Turnover data
- Outside market surveys
- Salary survey data
- Internal equity factors
- Financial Responsibility



# Compensation Plan Continued

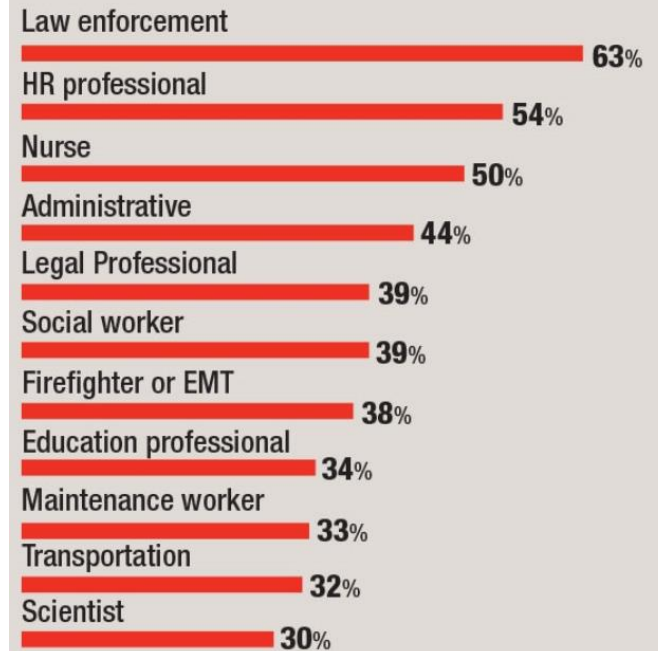
## Economic Indicators

- 2018 CPI (U.S.): 2.2
- 2019 Projected CPI (U.S.): 2.5
- Unemployment Rate (U.S): 3.8%
- Unemployment Rate (UT): 3.0%



## The Jobs People Aren't Applying to Anymore

The biggest application drops between 2013 and 2017



Source: National Association of State Chief Administrators

# Compensation Plan Continued

## Outside Market Surveys

- “U.S. salary budgets are projected to rise by an average of 3.2% in 2019, up from an actual year-over-year increase of 3.1% for 2018, according to the WorldatWork 2018-2019 Salary Budget Survey.”  
*- SHRM, “2019 Salary Budgets Inch Upward Ever So Slightly” by Stephen Miller*
- *A Willis Towers Watson survey reports that for organizations intending to give pay increases in 2019, the average expected increase is 3.0% - 3.1%.*  
*- Wills Towers Watson 2018 General Industry Salary Budget Survey – U.S.*
- *“In 2018, the reported overall average salary structure adjustment is 2 percent, WorldatWork reported...For 2019, the projected average adjustment is 2.1 percent overall but 2.2 percent for exempt salaried and officers/executives.”*  
*- SHRM, “2019 Salary Budgets Inch Upward Ever So Slightly” by Stephen Miller*

# Compensation Plan Continued

## Salary Survey

- Conducted on an annual basis.
- 45 positions encompassing 301 (60%) employees
- Compare to 12 other entities (ULCT Cluster) on pay & benefits. For a position to be included, it must have at least 5 matches.

		<b>MIN.</b>	<b>MAX.</b>	<b>ACT. AVG.</b>
<b>FY 2016</b>	<b>City-Wide Weighted Avg.</b>	<b>0.98</b>	<b>1.00</b>	<b>0.99</b>
<b>FY 2017</b>	<b>City-Wide Weighted Avg.</b>	<b>0.98</b>	<b>1.00</b>	<b>0.99</b>
<b>FY 2018</b>	<b>City-Wide Weighted Avg.</b>	<b>0.97</b>	<b>0.98</b>	<b>0.99</b>
<b>FY 2019</b>	<b>City-Wide Weighted Avg.</b>	<b>1.04</b>	<b>1.01</b>	<b>1.01</b>
<b>FY 2019</b>	<b>City-Wide Weighted Avg. w/o Public Safety</b>	<b>0.97</b>	<b>0.95</b>	<b>0.98</b>

# Compensation Plan Continued

## Salary Survey

Sandy City, Utah Pay Scale - Budget FY 2019 Executive Summary			
City to Market Ratio			
BAND	MIN.	MAX.	ACT. AVG
2	0.96	0.95	0.96
3	0.96	0.94	0.97
4	0.96	0.95	0.97
5	0.98	0.96	1.03
6	1.10	0.99	1.11
7	0.89	0.93	1.03
<b>City-Wide Weighted Avg.</b>	<b>0.97</b>	<b>0.95</b>	<b>0.98</b>

Position Title	Band	Range Min	Range Max
SECRETARY	2	-0.03%	-5.16%
JUSTICE COURT CLERK*	2	-7.52%	-8.55%
RECORDS SPECIALIST	2	-1.01%	-1.86%
METER TECHNICIAN	2	-3.09%	-3.23%
UTILITY BILLING CLERK	2	-3.24%	-4.44%
STREET WORKER I - II	3	-4.28%	-4.38%
CREW LEADER	3	-5.24%	-8.31%
EXECUTIVE SECRETARY	3	-5.06%	-4.79%
FLEET TECHNICIAN	3	-3.64%	-6.07%
PLANS EXAMINER	4	-2.01%	-7.73%
ACCOUNTANT II	4	-2.74%	-4.25%
PROF BUILDING INSPECTOR*	4	-7.16%	-6.42%
GROUNDS SUPERVISOR*	4	-6.88%	-7.86%

4%

3%

\*Comp plan proposal includes reclassification of this position.



# Compensation Plan Proposal

- FY 2020 Compensation Plan (pay & benefits):
  - *2.7% increase for general & governmental funds*
  - *3.0% increase including enterprise funds*

# Compensation Plan Proposal Components

## 1. Pay Plan

- Additional 2% market adjustment to positions in bands 2 and 3
- Additional 1% market adjustment to positions in band 4

## 2. Benefits

- Health Plan – 4.79% increase
- Retirement – No change
- Other Benefits – Change to voluntary supplemental plans

## Maintaining & Improving Core Services



**\$600K**

As society becomes more interconnected through the internet and technology, the way people (and governments) communicate with the rest of the world is changing. **\$166,500** has been budgeted for fiber optic expansion to Fire Station #34, Fire Station #32, and the Alta Canyon Sports Center to increase the effectiveness and speed of services at these sites. To ensure that your communication and interaction with the city remains secure, **\$166,000** is being put towards hiring a cyber-security analyst, purchasing security software, and providing additional security training to existing staff.

In addition to technology, money will be spent to maintain existing levels of service or to expand them as our city changes. **\$250,000** will be invested in preparation for the expansion and relocation of Fire Station #31 to better service the Cairns District and surrounding areas, and **\$195,000** will be put into fuel and parts to ensure the city's fleet continues to operate smoothly. To help manage the city's water system, there is **\$75,000** budgeted for a new water operator.

## Communication With Citizens



As part of this push to improve the technology that securely connects our citizens with its local government, **\$46,000** is being put towards re-designing the city's website. Also, **\$127,000** will also be put towards hiring a DevOps engineer, who will further improve cyber-security, provide quality assurance to other programmers, and allow residents to access services more conveniently and efficiently through interactive web platforms. **\$25,000** is also being put towards emergency management to improve communications between residents and the city when events arise.

## Roads & Infrastructure



Because of recent legislation Sandy City is estimating **\$2,000,000** in new, earmarked sales tax revenues dedicated to fixing the city's roadways, in addition to **\$1,265,000** from other existing revenue sources. **\$840,000** has been allocated for hazardous concrete repair on the city's many walkways, and **\$1,000,000** in grant money to create a pedestrian tunnel at 102000 South/Beetdigger Boulevard to expand the Dimple Dell Trail System.

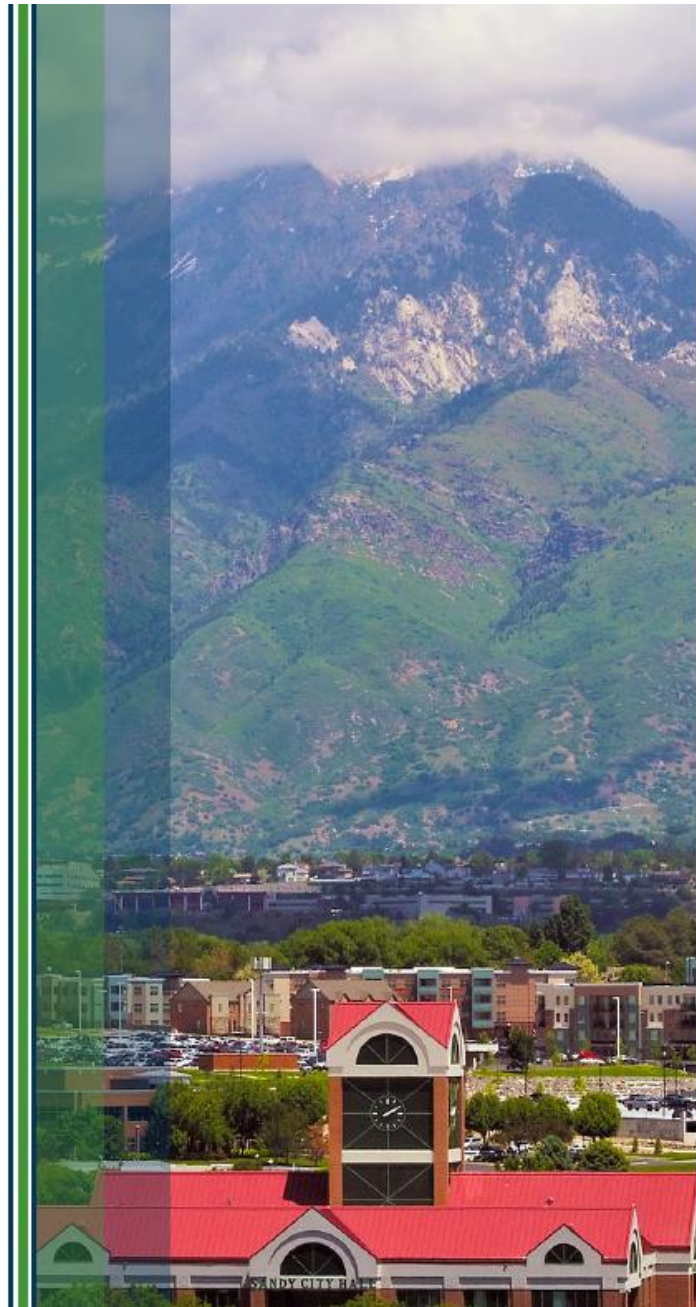
## Parks & Green Space



**\$157,000** to bring on two police officers dedicated to patrolling and protecting Sandy City's extensive parks, including Dimple Dell Regional Park. In addition, just under **\$400,000** will go towards lighting and court enhancements at Crescent Park, over **\$800,000** in preserving hiking trails like the Bell Canyon and Bonneville Shoreline Trails, and **\$175,000** to replace the Falcon Park Tot Lot. The budget also includes **\$150,000** to improve streetscapes and back-facing walls throughout the city.



**Tentative Budget**  
**Fiscal Year 2019-2020**



# Budget Tools

- Balancing Spreadsheet
- Rate and Fee Estimator
- Balancing Act

# Calendar

April						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

May						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

June						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Date	Event
April 16	Receive & Adopt Tentative Budget
April -June	Review and Discuss Tentative Budget
May 14	Public Hearing
May 21 & 28	Department Presentations
June 22	Deadline for Adopting Certified Property Tax Rate with No Increase
June 30	Deadline for Adopting Final Budget with No Property Tax Increase
September 1	Deadline for Final Budget Adoption for Truth In Taxation Process

# Property Tax Increase Calendar

June							July							August/September						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
						1		1	2	3	4	5	6					1	2	3
2	3	4	5	6	7	8	7	8	9	10	11	12	13	4	5	6	7	8	9	10
9	10	11	12	13	14	15	14	15	16	17	18	19	20	11	12	13	14	15	16	17
16	17	18	19	20	21	22	21	22	23	24	25	26	27	16	17	18	19	20	21	22
23	24	25	26	27	28	29	28	29	30	31				23	24	25	26	27	28	29
30														30	31	1				

Date	Event
June 22	Deadline for Setting Proposed Property Tax Rate
July 22	Likely Date of County Notice of Sandy City Public Hearing
August 6	Public Notice Required During the Week Before Public Hearing
August 13	Likely Date for Public Hearing
September 1	Deadline for Final Budget Adoption with Property Tax Increase



# Adjustments to the Tentative Budget

## Consolidated Capital Projects Schedule Omissions

- 13822 Hazardous Concrete – \$33,360
- 1103 Land Purchase – \$498,975

\*These appropriations are included elsewhere in the budget so no re-balancing is necessary. They were simply omitted from this schedule.

## Parks & Cemetery

- Parks Crew Leader Pay and Benefits - \$68,275
- Seasonal Pay and Benefits – (\$68,275)

# Adjustments to the Tentative Budget

## CDBG

- CDBG Revenue – (\$23,077)
- Special Programs
  - 23005 The Road Home – Shelter – (\$650)
  - 23010 South County Food Pantry – (\$450)
  - 23013 South Valley Sanctuary – (\$700)
  - 23037 YWCA Women’s Shelter – (\$450)
  - 23038 Family Support Center – (\$462)
  - 23044 The Road Home – Housing – (\$750)
- Capital Outlays
  - 23056 Odyssey House – (\$10,000)
  - 23065 Park Improvements – \$48,063
  - 23066 Pedestrian/Accessibility Improvements – (\$57,678)

# Special Thanks

- Brett Neumann
- Zach Whalen
- Sam Burge
- Katrina Frederick
- Keri Rugg
- Barbara Higgins
- Melissa Cowen
- Department Heads and Staff
- Administration

Questions?

