



# COMPREHENSIVE FINANCIAL SUSTAINABILITY PLAN

## SANDY CITY, UTAH GENERAL FUND FINANCIAL PLAN

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WORK SESSION DISCUSSION WITH CITY COUNCIL

FEBRUARY 2021



# MODEL ASSUMPTIONS

- ❑ MODEL ASSUMES 2021 BUDGETED REVENUES AND EXPENSES
  
- ❑ FUTURE ASSUMPTIONS (2022-2025) REGARDING PRIMARY REVENUES:

	FY 2022	FY 2023	FY 2024	FY 2025
Property Tax	1.50%	1.50%	1.50%	1.50%
Sales Tax	2.50%	2.50%	2.50%	2.50%
Franchise Tax	-1.00%	-1.00%	1.00%	1.00%
Motor Vehicle Fee	-0.65%	-0.65%	-0.65%	-0.65%
Licenses & Permits	1.25%	1.25%	1.25%	1.25%
State Road Funds	3.50%	3.50%	0.50%	0.50%
Charges for Service	2.00%	2.00%	2.75%	2.75%

	Historic (2000 – 2021)	Historic 10-Year	Historic 3-Year
	4.29%	4.82%	10.52%
	2.50%	3.68%	3.76%
	3.61%	-0.13%	-7.14%
	-0.23%	0.50%	3.64%
	4.63%	6.22%	17.84%
	0.00%	2.92%	10.06%
	8.43%	13.21%	-3.39%

# MODEL ASSUMPTIONS

## □ ASSUMPTIONS REGARDING PRIMARY EXPENDITURES:

### ▣ Annual Base Increase Assumptions (Due to Inflation & Natural Growth)

Base % Increase/Decrease	2022	2023	2024	2025
Personnel	3.00%	3.00%	2.50%	2.50%
Materials & Supplies	1.00%	1.00%	1.00%	1.00%
External Services	2.50%	2.50%	1.50%	1.50%
Internal Services	8.00%	8.00%	2.00%	2.00%
Equipment & Improvements	8.00%	8.00%	1.00%	1.00%
Capitalized Internal Services	6.67%	6.25%	5.88%	5.56%

Historic (2000 – 2021)	Historic 10-Year	Historic 3-Year
3.82%	3.20%	3.90%
2.35%	1.92%	0.62%
3.41%	-0.62%	-11.57%
0.18%	4.96%	12.51%
-1.54%	-7.48%	-11.32%
0.00%	5.82%	7.06%

- ▣ **Personnel:** Conservative Estimate Based on Recent City Efforts to Manage Personnel Lower than Historic Rates
- ▣ **Materials & Supplies:** Modeled Based on Slight Increase
- ▣ **External Services:** Conservative Estimate Based on Historic 20-Year Cost; Lower Because of Recent 3-Year Drop in Cost
- ▣ **Internal Services:** Increase Needed to Catch Up with Operational Costs Related to Fleet (parts and fuel), Risk Management, and IT.
- ▣ **Equipment & Improvements:** Increase Needed to Catch Up with Delayed Equipment Needs
- ▣ **Capitalized Internal Services:** Based on Adding funds to Catch up to Rising Fleet Replacement Costs. This Does not Account for Recouping Fleet Replacement Cuts in FY 2021.

# MODEL ASSUMPTIONS

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- ASSUMPTIONS REGARDING ADDITIONAL O&M EXPENDITURES:
  - ▣ New O&M Expenditures are Based on the 2021 Budget
  - ▣ Inflationary Increase: 3.00%
  - ▣ Model Includes Other One-Time O&M Expense Increases in 2021-2025

# MODEL ASSUMPTIONS

## ❑ ASSUMPTIONS REGARDING CAPITAL IMPROVEMENT PLAN (CIP):

Revenues	2021	2022	2023	2024	2025
<b>CIP Expense</b>	<b>\$27,307,723</b>	<b>\$67,423,629</b>	<b>\$21,108,388</b>	<b>\$17,804,331</b>	<b>\$17,239,153</b>
Other Funding Sources (Grants, Impact Fees, Road Funds, Etc.)	27,307,723	28,616,788*	9,194,858	6,903,029	14,188,758
<b>General Fund Need</b>	<b>\$ -</b>	<b>\$38,806,841</b>	<b>\$11,913,529</b>	<b>10,901,302</b>	<b>3,050,394</b>

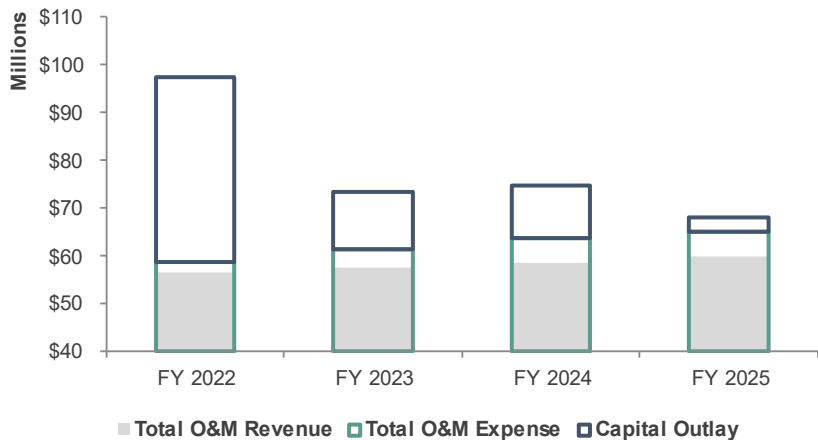
\*2022 Funding Sources Include Contingency Funds and Nonguaranteed Grants

- ❑ **Major CIP Impacts on General Fund Include:**
  - ❑ Parks and Recreation Building, Alta Canyon Recreation Center
  - ❑ New Public Works Building
  - ❑ Fire Station #31
  - ❑ Monroe Street Extension and Improvements

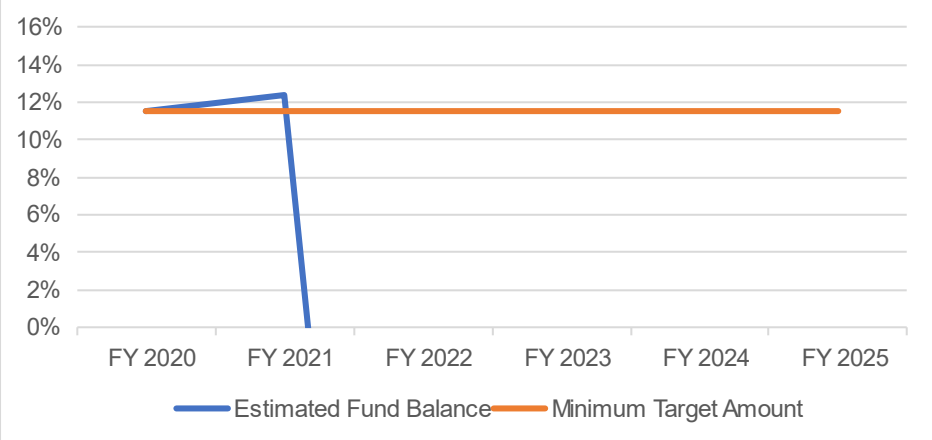
# SCENARIO ANALYSIS

- **Scenario 1: Baseline Analysis**
  - No Property Tax Increase
  - Inclusion of New O&M and CIP
  - No New Debt

### Comparison of Revenues and Expenses



### Illustration of Fund Balance as % of O&M Revenue



# SCENARIO ANALYSIS

## Scenario 2: Pay-as-You-Go

- 386% Property Tax Increase Needed to Mitigate Funding Gap in 2022
- Inclusion of New O&M and CIP
- No New Debt

Comparison of Revenues and Expenses

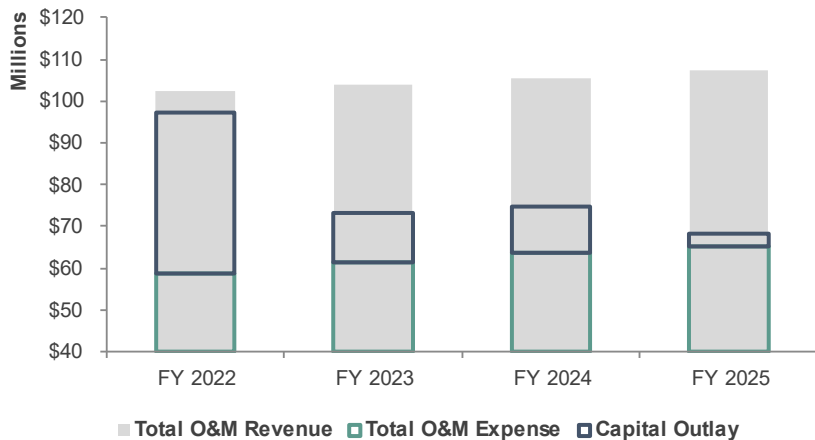
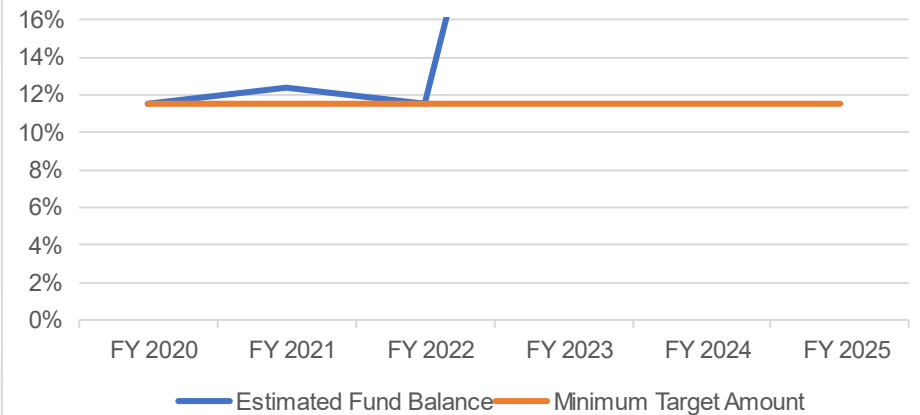


Illustration of Fund Balance as % of O&M Revenue



# SCENARIO ANALYSIS

## Scenario 3: Pay-as-You-Go & Debt Financing

- Property Tax Increases Needed to Mitigate Funding Gap, Assuming New Debt

	2022	2023	2024	2025
Property Tax Increase Needed	38%	17%	14%	0%

- Inclusion of New O&M and CIP
- Including New Debt in 2022, 2023, and 2024
- Though unlikely, this is what would need to happen to maintain fund balance and fund 100% of the CIP

Comparison of Revenues and Expenses

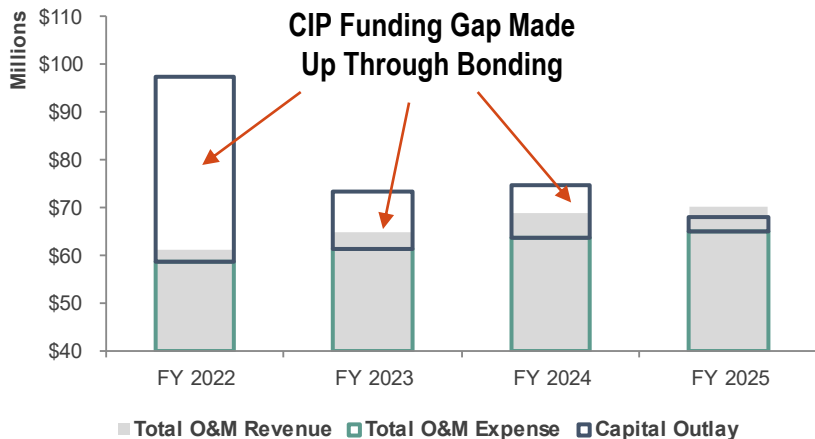
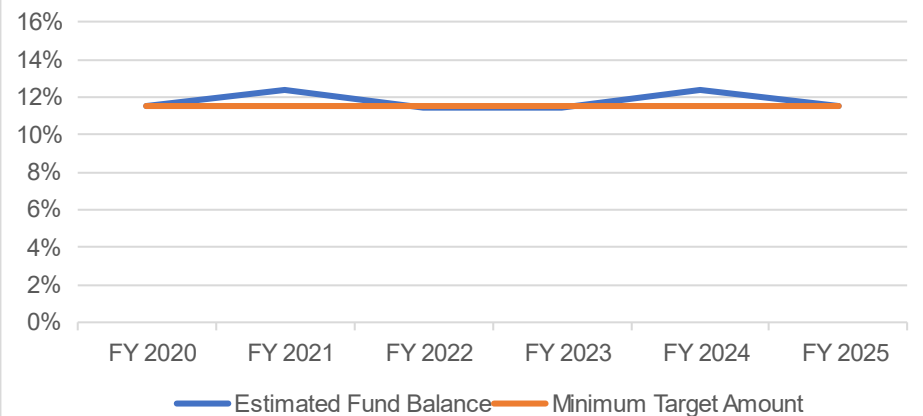


Illustration of Fund Balance as % of O&M Revenue

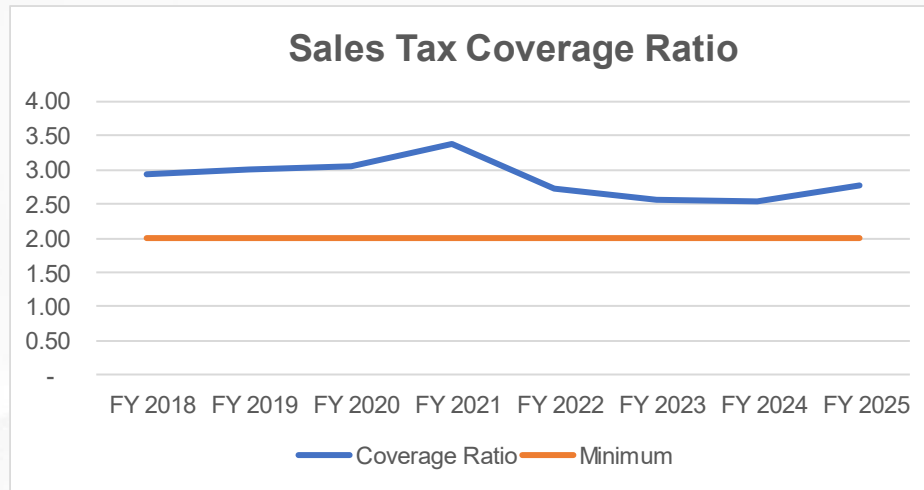




# SCENARIO ANALYSIS

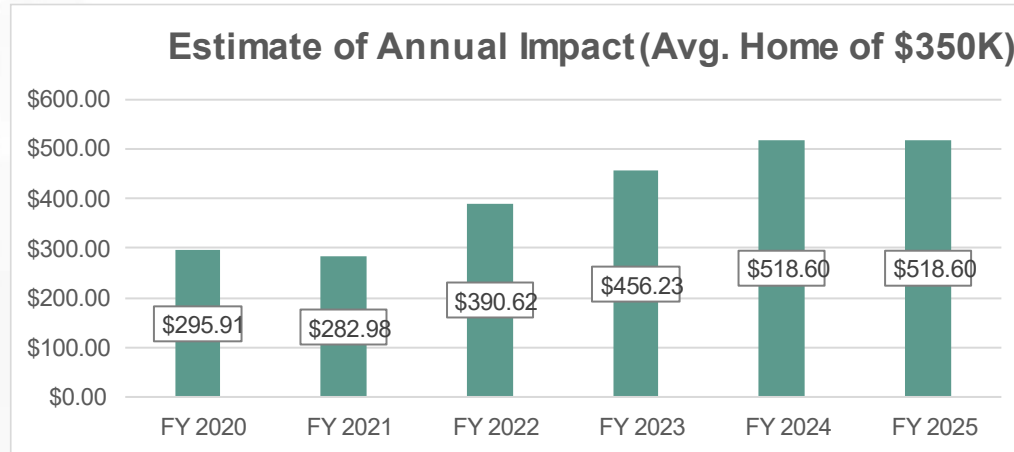
- Scenario 3: Pay-as-You-Go & Debt Financing
  - Bonding Assumptions

Potential Bonds	2022	2023	2024
Rate	3.5%	3.5%	3.5%
Years	25	25	25
PAR Amount of Bonds	\$40,000,000	12,000,000	11,000,000
Cost of Issuance	2%	2%	2%



# SCENARIO ANALYSIS

## Scenario 3: Pay-as-You-Go & Debt Financing



	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Needed General Fund Property Tax Revenues	2,118,833	-	4,494,187	2,780,142	2,685,454	-
Average Home Value	\$420,000	\$420,000	\$420,000	\$420,000	\$420,000	\$420,000
Taxable Value	\$231,000	\$231,000	\$231,000	\$231,000	\$231,000	\$231,000
Certified Tax Rate (General Operations)	0.001086	0.001281	0.001225	0.001712	0.002009	0.002291
General Tax Levy Increase	0.000195	(0.000056)	0.000487	0.000297	0.000282	-
Combined Levy	0.001281	0.001225	0.001712	0.002009	0.002291	0.002291
Combined Tax Bill	\$295.91	\$282.98	\$395.47	\$464.08	\$529.22	\$529.22
Annual Increase	\$55.67	(\$12.93)	\$112.49	\$68.61	\$65.14	\$0.00
Monthly Increase	\$4.64	(\$1.08)	\$9.37	\$5.72	\$5.43	\$0.00
Percent Increase	23.2%	-4.4%	39.8%	17.3%	14.0%	0.0%

# CONCLUSION

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## ▣ Next Steps

- ▣ **Prioritization of Operational and Capital Needs**
- ▣ Identify Additional Funding Needs and Sources
- ▣ Evaluate Funding Options
- ▣ Refine Scenarios
- ▣ Establish Action Plan

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