

STAFF REPORT

TO: Summit County Council
FROM: Matt Leavitt – Summit County Financial Officer
DATE: October 9, 2022
SUBJECT: Presentation of County Manager’s 2023 budget recommendations.



BACKGROUND:

The attached document represents the County Manager’s recommended 2023 budget to the County Council. Of special note, the following bullets provide some of the context for presenting the 2023 budget:

- In 2020 budgeted expenditures were drastically adjusted down to prepare for anticipated revenue shortfalls due to the COVID 19 Pandemic.
- The 2021 budget continued this same philosophy by holding frozen and open positions from being hired most of the year, as well as conservative estimates of revenue and conservative expenditure allowances.
- Since 2020 departments and offices have held expenditures under budgets.

As a result of these actions, as well as sales tax and fee revenues that performed well above projections, the County is in an even more sound financial position going into 2023 than it was before 2020. It is a testament to this organization’s fiscal management that it is in the position in 2023 to continue to increase service levels in order to react to overwhelming community needs in our most basic services, as well as continue to pursue the Council’s strategic priorities.

The County’s 2023 budget process began with a Management Team Meeting on June 28 with departments submitting requests throughout the month of July. The Budget Committee reviewed requests and made recommendations with respect to anticipated costs of providing programs and services, Council Strategic Objectives, and estimated revenues. The Committee’s recommendations were presented to the County Manager on September 15th.

The County Manager has met with elected officials and department heads who may have had questions or concerns about the Committee’s recommendations. After careful review, the Manager’s recommended budget for operating funds is \$71.7 million, an *increase* of 8.3% over 2022 budgeted amounts.

The Manager wants to commend the Budget Committee and the Finance Director, as well as all those submitting budget requests for all their hard work. The process of creating a recommended budget began and continues with many unknowns related to Emergency Management Services (EMS), short

term nightly rentals, and local impacts due to State and Federal regulations. All worked hard to constrain requests and be realistic, while still planning on the provision of needed services.

COUNCIL REQUIRED ACTION:

No Council action is required at this time. The Manager’s Recommendation kicks off the Council’s 2023 budget deliberations that will occur between October and December in preparation for adoption consideration and public hearings in December.

SUMMARY INFORMATION:

Revenues:

Estimated revenues for 2023 are \$71.7 million, an increase of \$5.3 million or 8.1%. Over \$1.6 million is budgeted to come from surplus funds that were accumulated as a result of conservative budgeting due to shutting down significant industries within the local economy. Sales and use tax revenues were received higher than anticipated, despite the COVID-19 pandemic, and contributed to fund balances. Other revenues such as building permits, engineering fees, and recording fees also were received higher than anticipated, all contributing to accumulated fund balances.

In 2017 the County went through the Truth in Taxation process for the general and municipal services funds. At that time the County also committed to evaluate the need for Truth in Taxation every four to five years. 2021 was the year in which the County’s taxing authorities (General Fund, Municipal Fund, Assessing and Collecting and Service Areas number 6 and 8, etc) were reviewed for the need for Truth in Taxation (TNT) and the County determined that funds were healthy enough to defer TNT for another year. The Manager’s 2023 budget recommendation does not include TNT adjustments, recommending the Council look at TNT in 2024 for the Assessing and Collecting fund and Service Area 6.

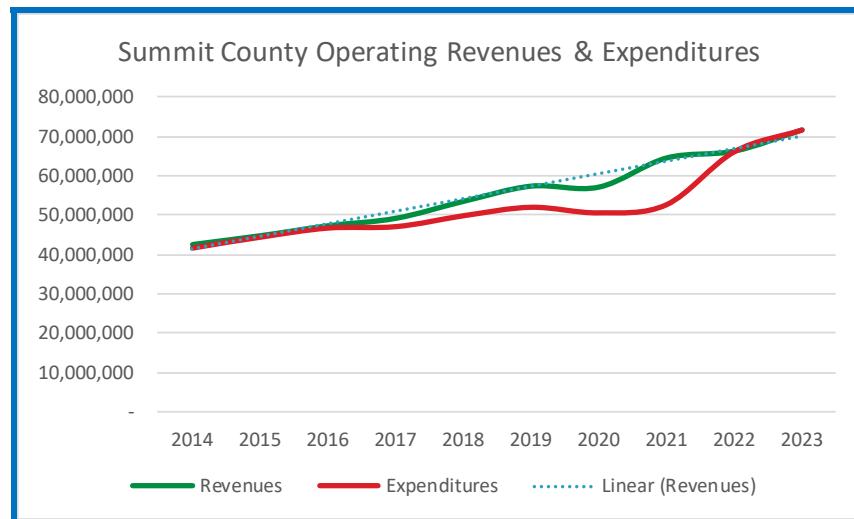
Estimated revenues from taxes in 2023 have been adjusted to reflect amounts conservatively predicted for 2020-2022. The recommended budget is \$4.8 million (12.0 percent) increase in tax revenues. This is an increase in anticipated property tax revenues, adjusted for property tax revenues billed in 2022 (\$29.8 million, or 9.3 percent) as well as sales tax revenues (\$2.2 million, or 17.7 percent).

Revenues from licenses and permits are estimated at \$3.2 million, an increase of \$439 thousand (15.7 percent). The majority of revenues from licenses and permits is from building permits (\$150 thousand) which have been increased to reflect ongoing construction activity within the County, but still remain lower than 2021 actual revenues (\$987 thousand) due to estimated slow-down in construction activity. Engineering permit revenues are also estimated higher in 2023 (\$225 thousand, or 47.3 percent) due to an adjustment in 2020 to the MS4 fee schedule.

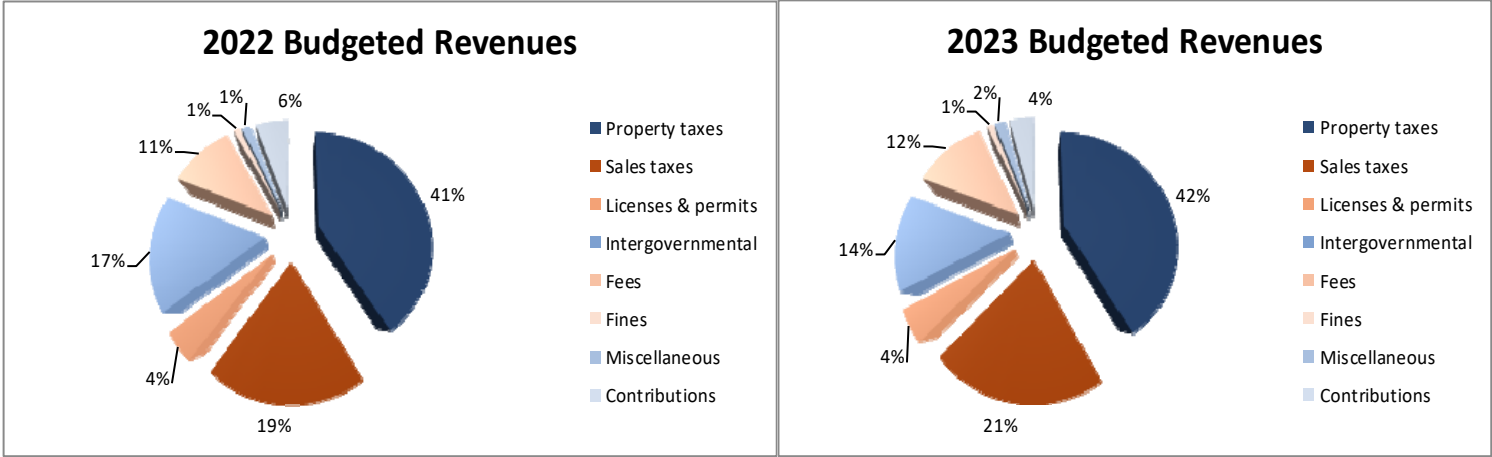
34.7 percent of intergovernmental revenues are received through the Public Health functions and are used to support those programs. Estimated revenues from Public Health grants are \$656 thousand *lower* (15.8 percent) than the 2022 amended budget amounts. The decrease in operation grants for Public Health does not reflect anticipated American Rescue Plan Act (ARPA) grants for Public Health programs to be utilized between 2021-2024. The ARPA funds are to be used for specific purposes and are not reflected in the 2023 operating budget.

Revenues from fees are estimated to be 22.4 percent higher (\$1.5 million) as a result of revenues from recorder fees as well as attorney fees. An interlocal agreement with High Valley Transit District (HVTD) allows the County to charge for services provided by the County to HVTD. Health department fees are expected to increase \$624 thousand. Fees are being reviewed in relation to the proportion that is being paid by the user of the service compared to what is covered by county-wide resources such as taxes. The County is responsive to the latest pronouncements from the Governmental Accounting Standards Board (GASB) regarding fees and fees imposed by the County.

A significant portion of resources from contributions comes from the judicious use of fund balances. Management understands that fund balances represent a limited availability of resources. However, it is the position of management that by not emphasizing the retainment and recruitment of employees, a significant cost to the County in terms of recruitment, lost productivity, training, and other ancillary costs will result. The following chart shows anticipated annual resources staying within linear trends.



The following charts compare the 2022 amended budgeted revenues with the 2023 recommended revenues.



Expenses:

The Manager’s recommended budget in regards to FTE/PTE additions recognizes the needs of community service levels, and Council’s direction on service levels and resources that have been granted for specific purposes. The recommended budget includes the addition of the following positions:

- 1) Permit Technician for Planning & Zoning (fee funded)
- 2) Entry level Engineer in Engineering Department (backfills position moved to Transportation division)
- 3) GIS Specialist in Information Technology Department
- 4) Landscape Technician in Facilities Department
- 5) Economic Development and Housing Specialist in Economic Development Department
- 6) Floater position in Human Resources
- 7) Medical Reserve Corps (MRC) position in Public Health Emergency Coordination division (grant funded and time-limited)
- 8) Communications Coordinator in the Public Engagement division (grant funded and time-limited)
- 9) Public Lands Coordinator in the Public Lands fund (grant funded)

The Permit Technician position is recommended to address the increased demands on the Community Development Department as well as succession planning for the existing position. It is anticipated that the increases in revenues from the Community Development Department will offset the costs of the new position. Additionally, the Manager’s recommendation includes the MRC, Communications Coordinator, and Public Lands Coordinator positions as time-limited based on available grant funding that support those positions.

The Council will be meeting with each department requesting additional staffing at upcoming Council meetings in order to provide further clarity in regard to need. The budget committee and Manager recognize that to provide additional services or address upcoming opportunities the County will require adjustments to the Chart of Positions (COP) including authorizing additional FTE’s.

The Council asked the Manager to address pay and benefit competitive information as part of the 2022 budget process. A market study was conducted by an outside firm to address to the County’s pay

structure. The Manager’s recommendation includes a 10% Cost of Living (COLA) adjustment to address the market adjustments as well as the increased cost of living as related to the Consumer Price Index (CPI). For 2022 the County budgeted a 4% COLA for employees who did not receive a market adjustment. In 2021 the County budgeted a 3% COLA. The following table shows the County’s budgeted COLA in comparison with Social Security and the Midwest Region CPI¹.

	2021	2022	2023
Summit County	3.0%	4.0%	10.0%
Social Security	5.9%	5.9%	8.5% (est.)
Midwest Region CPI	7.5%	8.1%	

General government functions represent most elected offices, excluding the Sheriff, and the planning department. A 2.4 percent increase primarily reflects natural increases in program budgets and the addition of a new positions in the Economic Development and Planning & Zoning divisions.

The Manager’s recommended budget for public safety is an increase of 11.1 percent, or \$2.3 million. No new positions are being recommended for public safety. As a result of the County adopting a sworn-officer specific step program, it is anticipated that the public safety function impact for 2023 will be \$1.2 million, or an increase in wage-related expenses of 9.2 percent. The Manager is recommending an increase for Emergency Medical Services (EMS) of nearly \$786 thousand to more accurately reflect the cost of providing the service by Park City Fire District (PCFD). The Manager emphasizes that the budget increase primarily covers services rendered to North Summit and South Summit to address PCFD Chief’s concerns about PCFD monies being spent outside of district boundaries. The Manager also highlights the ongoing EMS study and the unknown impacts of the results of the study. It is anticipated that the County will need to amend the 2023 budget mid- or late-year in 2023 to address the results of the study.

Public works recommended budget is \$11.5 million, an increase of \$447 thousand (4.0 percent). The Manager is recommending that the frozen equipment operator position in public works be funded for 2023. This position was frozen in 2020 as a result of budget cuts related to the COVID-19 reductions. In addition, a beginning level engineering position is being recommended in the Engineering division in order to address demands. The Engineering division lost a position that was transferred to the Transportation division.

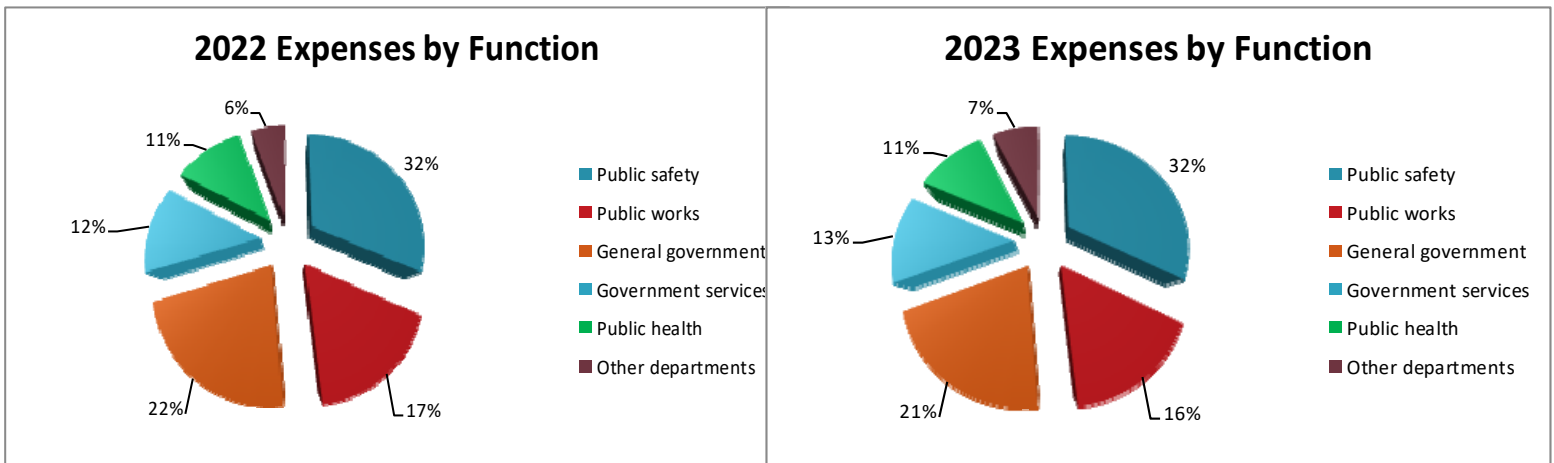
Government services are those programs that support and provide services to the County such as Information Technology, Facilities, and Personnel. Included in government services are also the Library and History programs. The recommended budget for government services is \$8.9 million, an increase of 7.0 percent or \$586 thousand. The Manager recommends a position within the Parks and Grounds division of Facilities in order to help with maintenance of County assets and to xeriscape County

¹ U.S. Bureau of Labor Statistics published for the Mountain-Plains Information Office as of August 2022.

grounds, medians, and roundabouts in consideration of the recently adopted water-wise landscaping ordinance.

Public health, which is funded 43.8 percent in the recommended budget by intergovernmental revenues in the form of grants, is recommended at \$7.9 million, an increase of 4.6 percent. Intergovernmental revenues, primarily grants from Federal and State programs, are anticipated to *decrease* \$656 thousand, or 15.8 percent. Recommended County funding for Council priorities such as mental health and substance abuse prevention remain firm compared to prior years and the County continues to maintain strong partnerships within the community to support these programs.

The following charts show County spending by function comparing 2022 amended budget with the recommended 2023 budget.



FURTHER ACTION:

There will be scheduled ongoing Council meetings between October 12th and December 14th. The Council is scheduled to have public hearings on the 2023 budget, in addition to amending the 2022 budget, at the December 7th and 14th meetings. In order to cover the Manager’s recommended budget and prepare for adoption at the December 7th meeting, staff is preparing a proposed meeting schedule for the Council’s consideration. This schedule may be discussed at the presentation of the Manager’s recommended 2023 budget on October 12th.

The department level budget is attached to the staff report. Staff is preparing a more detailed budget book that will be distributed to the Council during the October 12th meeting.

MANAGER RECOMMENDED

	<u>ACTUALS</u>			<u>BUDGET</u> <u>2022</u>	<u>REQUESTED</u> <u>2023</u>	<u>COMMITTEE</u> <u>2023</u>	<u>MANAGER</u> <u>2023</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>				
OPERATING FUNDS:							
<u>Consisting of the general, municipal services, and assessing & collecting funds</u>							
REVENUES							
Taxes							
Property Taxes	21,142,809	21,399,141	22,003,910	25,252,141	27,967,133	27,967,133	27,805,976
Fee-In-Lieu (Motor Vehicle)	721,115	612,368	706,124	650,067	659,100	659,100	659,100
Redemptions	1,493,622	1,885,137	1,538,969	1,403,940	1,404,000	1,404,000	1,404,000
Sales Tax - Municipal	7,624,104	8,082,922	9,783,698	8,400,000	9,750,000	9,750,000	9,750,000
Sales Tax - General	3,921,595	4,016,165	4,902,384	4,300,000	5,200,000	5,200,000	5,200,000
Licenses & Permits	2,866,480	2,097,443	4,228,100	2,796,000	3,235,500	3,235,500	3,235,500
Intergovernmental	9,150,340	8,897,378	9,686,198	11,055,380	10,026,008	10,026,008	10,026,008
Fees	7,136,487	7,300,852	9,430,600	7,027,750	6,482,660	6,547,660	8,602,610
Fines	847,809	749,474	777,462	718,000	722,500	722,500	722,500
Miscellaneous	880,543	439,219	338,208	917,998	981,000	1,231,000	1,231,000
Contributions	1,732,972	1,783,198	1,246,664	3,856,765	1,572,545	1,472,695	3,089,535
Total Revenues	57,517,877	57,263,299	64,642,317	66,378,041	68,000,446	68,215,596	71,726,229

MANAGER RECOMMENDED

	<u>ACTUALS</u>			<u>BUDGET</u> <u>2022</u>	<u>REQUESTED</u> <u>2023</u>	<u>COMMITTEE</u> <u>2023</u>	<u>MANAGER</u> <u>2023</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>				
EXPENDITURES							
General Government							
Council	335,351	293,696	366,053	403,300	449,750	421,700	419,700
Administration	1,057,375	766,264	806,167	1,003,655	1,036,510	966,810	954,810
Economic Development	209,763	242,574	292,146	508,571	853,355	722,350	877,620
Financial Administration	106,897	579,080	695,981	836,777	923,075	918,075	903,075
Public Engagement	-	224,625	301,362	343,069	420,900	477,744	470,740
Public Lands				584,500	-	-	40,050
<i>Sub-Total Administration</i>	<i>1,709,386</i>	<i>2,106,239</i>	<i>2,461,709</i>	<i>3,679,872</i>	<i>3,683,590</i>	<i>3,506,679</i>	<i>3,665,995</i>
Auditor	306,051	183,502	244,416	410,371	419,931	283,230	280,630
Clerk	356,010	362,281	361,111	420,784	565,070	435,825	435,825
Elections	61,841	202,016	147,198	252,525	153,095	151,455	152,700
Treasurer	386,992	361,370	371,506	394,300	457,583	457,583	452,700
Recorder	695,116	724,059	768,229	827,135	1,103,760	1,068,260	1,068,260
Attorney	2,066,547	2,370,314	2,335,691	2,700,613	2,854,222	2,698,921	2,636,421
Assessor	988,439	963,413	960,069	1,097,660	1,320,035	1,238,725	1,178,725
Motor Vehicle	254,372	259,125	275,101	284,800	303,400	303,300	303,300
Justice Court	541,031	513,276	524,197	578,940	593,510	592,010	592,010
Public Defender	304,276	324,119	298,205	327,960	366,112	366,112	366,112
Community Devlpmt	508,281	505,561	521,810	713,964	623,000	615,500	622,000
Planning & Zoning	1,079,787	1,080,231	1,175,823	1,400,120	1,560,800	1,544,800	1,544,800
Building Inspection	1,085,012	1,089,571	1,107,022	1,352,850	1,762,700	1,459,450	1,494,450
<i>Sub-Total Community Devlpmt</i>	<i>2,673,080</i>	<i>2,675,363</i>	<i>2,804,655</i>	<i>3,466,934</i>	<i>3,946,500</i>	<i>3,619,750</i>	<i>3,661,250</i>
Total General Government	10,343,140	11,045,076	11,552,087	14,441,894	15,766,808	14,721,850	14,793,928
	4.55%	6.79%	4.59%	30.75%	9.17%	1.94%	2.44%
Public Safety							
Administration	1,047,099	1,256,719	1,289,613	1,315,600	1,498,700	1,493,600	1,467,600
Patrol	3,797,849	3,795,720	3,828,882	4,260,280	5,778,795	4,907,828	4,822,830
Special Ops/School Resource	349,355	327,944	499,251	517,590	644,680	635,700	618,200
Criminal Investigations	945,239	1,630,950	1,513,591	1,428,985	1,420,186	1,392,185	1,376,650
Major Crimes Unit/SWAT	852,500	774	(1,046)	50,000	300,000	126,001	76,001
JRI/Probation & Parole	95,709	42,085	385,766	414,880	472,882	472,882	466,950
Event Security/Special Events/Forest	79,564	32,498	168,927	337,500	445,800	413,800	413,800
Restricted Reserves	83,990	33,116	21,946	86,460	222,000	108,000	108,000
Compliance Services	77,219	1,669	53,766	126,500	126,500	126,500	126,500
<i>Sub-Total Law Enforcement</i>	<i>7,328,524</i>	<i>7,121,476</i>	<i>7,760,696</i>	<i>8,537,795</i>	<i>10,909,543</i>	<i>9,676,496</i>	<i>9,476,531</i>

MANAGER RECOMMENDED

	<u>ACTUALS</u>			BUDGET	REQUESTED	COMMITTEE	MANAGER
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2023</u>
Corrections	3,417,174	3,275,918	3,235,382	3,596,260	4,153,713	3,961,756	3,909,260
Jail Kitchen	477,013	308,558	396,906	508,050	698,380	529,100	529,100
Court Security	1,184,450	1,202,308	1,237,726	1,303,200	1,424,600	1,422,300	1,418,300
Communications	1,757,494	1,557,448	1,563,553	2,034,970	2,249,250	2,249,250	2,239,250
E-911	297,644	197,472	242,571	564,300	532,265	406,065	406,065
Search & Rescue	142,811	231,252	228,731	264,350	266,225	266,232	259,032
<i>Sub-Total Elected Sheriff</i>	14,605,110	13,894,431	14,665,564	16,808,925	20,233,975	18,511,199	18,237,538
Animal Control	525,001	526,272	514,048	616,030	642,900	656,400	656,400
No Summit Ambulance	6,000	6,000	-	631,623	906,000	906,000	906,000
So Summit Ambulance	8,000	8,000	-	617,443	904,000	904,000	904,000
PC Ambulance	2,046,000	2,074,476	2,085,190	2,025,190	-	-	2,250,000
East-Side Ambulance	781,000	791,778	788,506	-	-	-	-
Emergency Services	121,940	109,198	152,072	142,555	294,085	191,695	189,695
Fire Warden	32,950	36,968	36,815	107,434	169,384	146,050	137,050
Total Public Safety	18,126,001	17,447,123	18,242,195	20,949,200	23,150,345	21,315,344	23,280,683
	6.16%	-3.75%	4.56%	20.07%	10.51%	1.75%	11.13%
Public Works							
Administration & Shop	1,261,506	1,139,549	1,275,208	1,182,530	1,234,150	1,234,150	1,234,150
Class B Roads	1,324,462	1,164,757	1,159,761	1,745,500	1,912,000	1,912,000	1,912,000
County Roads	2,134,937	1,734,859	1,912,927	2,167,500	2,336,100	2,293,100	2,293,100
Storm Water Management	116,466	76,757	149,500	413,905	385,012	395,862	389,510
Weed Control	443,051	441,436	575,407	824,980	746,900	732,600	732,600
Engineering	932,960	1,100,931	1,051,228	853,009	1,167,890	1,004,612	1,004,610
Transportation	12,970	5,926	-	20,000	-	-	-
<i>Sub-Total Public Works</i>	6,226,353	5,664,214	6,124,030	7,207,424	7,782,052	7,572,324	7,565,970
Waste Collection	3,313,223	2,983,595	3,821,759	3,869,250	4,045,000	3,958,000	3,958,000
Total Public Works	9,539,576	8,647,810	9,945,789	11,076,674	11,827,052	11,530,324	11,523,970
	7.46%	-9.35%	15.01%	28.09%	6.77%	4.10%	4.04%

MANAGER RECOMMENDED

	<u>ACTUALS</u>			<u>BUDGET</u>	<u>REQUESTED</u>	<u>COMMITTEE</u>	<u>MANAGER</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2023</u>
Government Services							
Risk Management	560,498	643,603	649,964	666,800	764,800	729,300	729,300
Information Technology	1,380,919	1,409,316	1,506,063	1,794,173	2,777,033	1,909,498	1,897,700
Personnel	498,037	476,919	585,038	524,651	682,450	645,450	637,250
Coalville Area	603,927	666,990	663,852	808,598	1,265,650	971,100	966,100
Kimball Junction Area	174,878	148,978	154,633	243,300	347,100	254,700	251,700
Kamas Area	226,742	136,623	138,877	196,151	262,800	203,800	203,800
Public Works/Animal Shelter	106,401	96,746	173,325	191,750	196,100	165,100	169,100
Justice Complex	604,700	425,900	508,327	623,100	663,000	567,000	562,500
County Health Center	170,052	130,610	136,379	469,126	481,550	469,950	469,950
Parks & Grounds	299,353	228,976	268,452	406,650	497,150	474,150	476,650
Fleet Services	16,877	11,663	16,905	19,500	24,000	24,000	24,000
<i>Sub-Total Facilities</i>	<i>2,202,931</i>	<i>1,846,486</i>	<i>2,060,751</i>	<i>2,958,175</i>	<i>3,737,350</i>	<i>3,129,800</i>	<i>3,123,800</i>
County Fair	405,096	143,609	376,484	571,800	680,300	613,450	613,450
State Fair Exhibit	-	-	-	-	-	-	-
Special Events	62,500	-	-	-	-	-	-
NS Youth Recreation	25,000	20,000	-	-	-	-	-
SS Youth Recreation	25,000	20,000	-	-	-	-	-
Basin Recreation	-	-	-	-	-	-	-
Library	1,469,748	1,377,671	1,389,982	1,573,024	1,676,458	1,661,424	1,661,430
History	39,092	89,866	91,538	119,705	132,095	132,095	132,100
USU Extension Services	150,446	146,307	145,735	148,235	148,235	148,235	148,235
Total Government Services	6,819,267	6,173,777	6,805,555	8,356,563	10,598,721	8,969,252	8,943,265
	4.03%	-9.47%	10.23%	35.36%	26.83%	7.33%	7.02%
Public Health							
Administration	467,396	536,776	269,838	653,050	602,400	665,850	660,850
Personal Health	1,994,613	2,185,764	1,319,285	2,312,934	2,525,387	2,517,387	2,511,387
Early Intervention	541,394	559,498	539,698	684,985	736,435	736,435	734,785
Environmental Health	729,972	715,527	665,470	754,178	821,893	821,893	821,893
Public Health Preparedness	202,835	130,857	113,699	253,160	293,260	289,260	287,210
Prevention	570,082	655,120	770,050	1,101,713	1,172,154	1,172,154	1,172,154
Mental Health	1,042,820	1,260,157	1,046,118	1,493,784	1,475,795	1,475,795	1,475,795
Sustainability	229,728	171,309	168,267	343,366	333,330	283,830	281,830
Total Public Health	5,778,841	6,215,009	4,892,426	7,597,170	7,960,654	7,962,604	7,945,904
	4.33%	7.55%	-21.28%	22.24%	4.78%	4.81%	4.59%

MANAGER RECOMMENDED

	<u>ACTUALS</u>			<u>BUDGET</u>	<u>REQUESTED</u>	<u>COMMITTEE</u>	<u>MANAGER</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2023</u>
Other Departments							
Television	139,637	151,461	61,988	150,500	141,000	148,000	148,000
Non-Departmental	698,141	537,146	473,569	524,000	548,500	538,500	538,500
Contributions	328,213	213,452	327,153	284,600	284,600	284,600	284,600
To Other Funds	25,000	-	50,000	62,600	-	-	24,380
Miscellaneous	264,677	179,697	363,410	2,745,840	4,170,500	4,153,000	4,243,000
Total Other Departments	1,455,669	1,081,756	1,276,119	3,767,540	5,144,600	5,124,100	5,238,480
	-24.99%	-25.69%	17.97%	248.28%	36.55%	36.01%	39.04%
Total Operating Funds	52,062,493	50,610,551	52,714,172	66,189,041	74,448,179	69,623,474	71,726,230
	4.37%	-2.79%	4.16%	30.78%	12.48%	5.19%	8.37%
Revenues over Expenditures	5,455,384	6,652,748	11,928,145	189,000	(6,447,733)	(1,407,878)	(1)