

# Welcome to the Highland City Council Meeting

June 6, 2022





**7:00 PM WORK SESSION**

**BUDGET WORK SESSION**

Call to Order – Mayor Kurt Ostler

# Overview

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- Garbage collection
- Building permit revenue
- Open space fee
- Public safety fee
- Utility capital improvement projects (CIP)
- Items for consideration



# **GARBAGE RATES**

## *DISCUSSION*

Presented by – Erin Wells, Assistant City Administrator &  
Blake Leonelli, Waste Management

# Contractual Adjustments

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- Annual CPI Increase – 3.6%
- Annual Recycling Adjustment – None
- Extraordinary Adjustments – 7.5%
  - Audit option
  
- Total – 11.1%

# Extraordinary Increase Reasoning Highlights

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- Labor costs/ shortages
  - 80,000 CDL drivers have left the profession
  - 70,000 new CDL job openings
  - 40% less CDL training opportunities with 20% of CDL schools closed
- Fuel increases – 60% in diesel and CNG
- Maintenance year over year increase – 29%
  - Rubber for tires – 44% increase
  - Base oils for lubricants – 50% increase
  - Resin for toter carts – over 50% since 2020
  - Steel pricing increase for vehicles and dumpsters – 200%

# Monthly Resident Impact

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	<b>Current Rates</b>	<b>Proposed Rates (Breakeven)</b>
First Garbage	\$9.61	\$10.75
Second Garbage	\$6.76	\$7.49
Recycling	\$6.27	\$7.18
Difference	\$--	\$2.79

# Building Permit Revenue





# Building Revenue Net of Building Inspection Costs



# Reassessing Permit Revenue

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What expenses justify building permit fees?

- Building inspection
- Planning & zoning
- Engineering (large portion)
- Overhead allocation
  - Administration
  - Recorder
  - City Council
  - Planning Commission
- Other considerations
  - Sub applications
  - PW inspection/review
  - Fire Marshall
  - Legal entitlements
  - Addressing

# Building Permit Considerations

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- Building expenses & revenue at a peak in FY2023
- Even with smaller volume, still need these functions (including admin, engineering, etc.)
- Living on building permit revenue hurt the City in the mid-2000s when development slowed & staff were forced to choose which bills to pay on time


# Open Space Fee



# Open Space Fee

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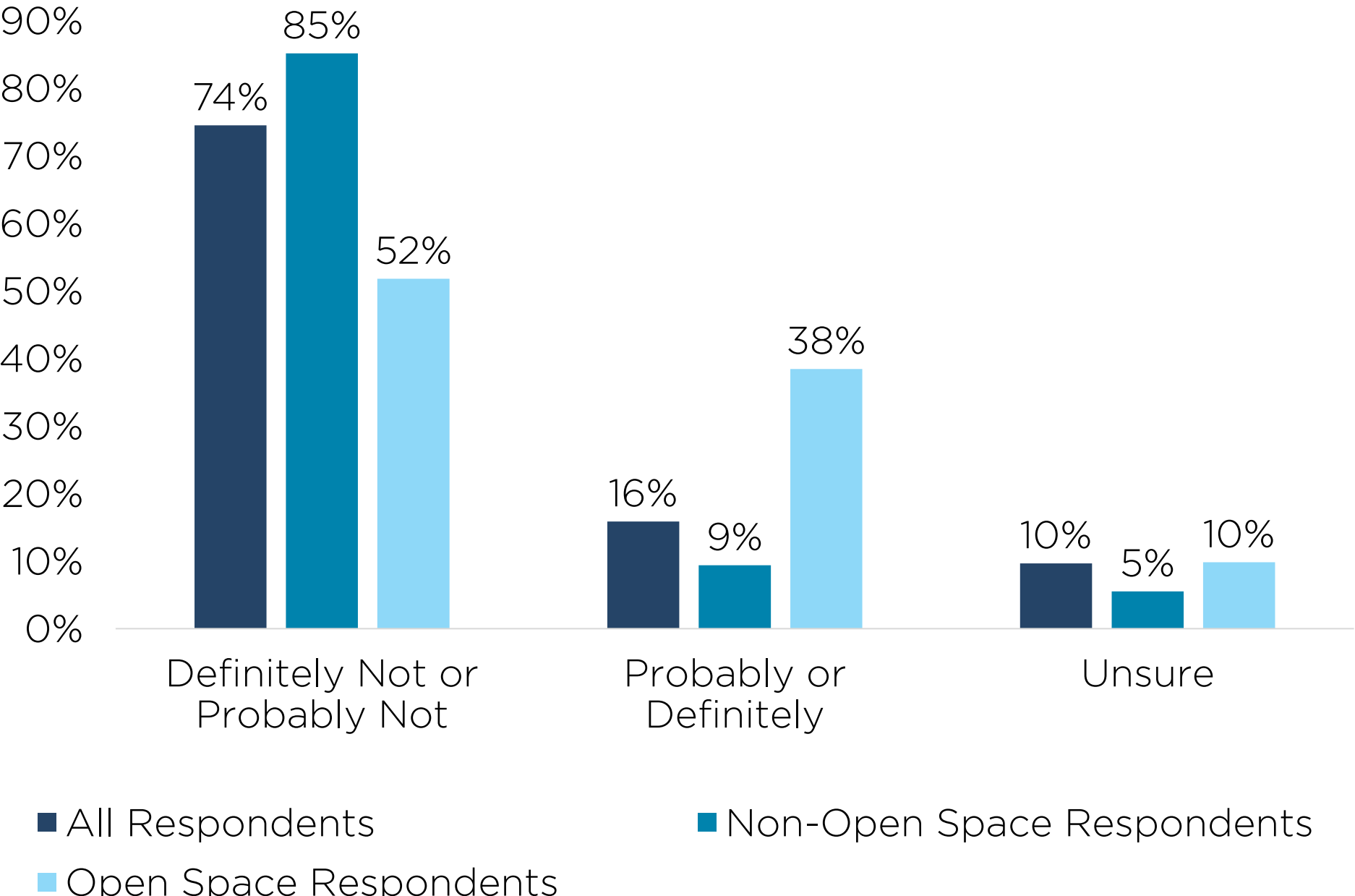
If eliminated,  
replace  
**\$300K**  
ongoing  
revenue



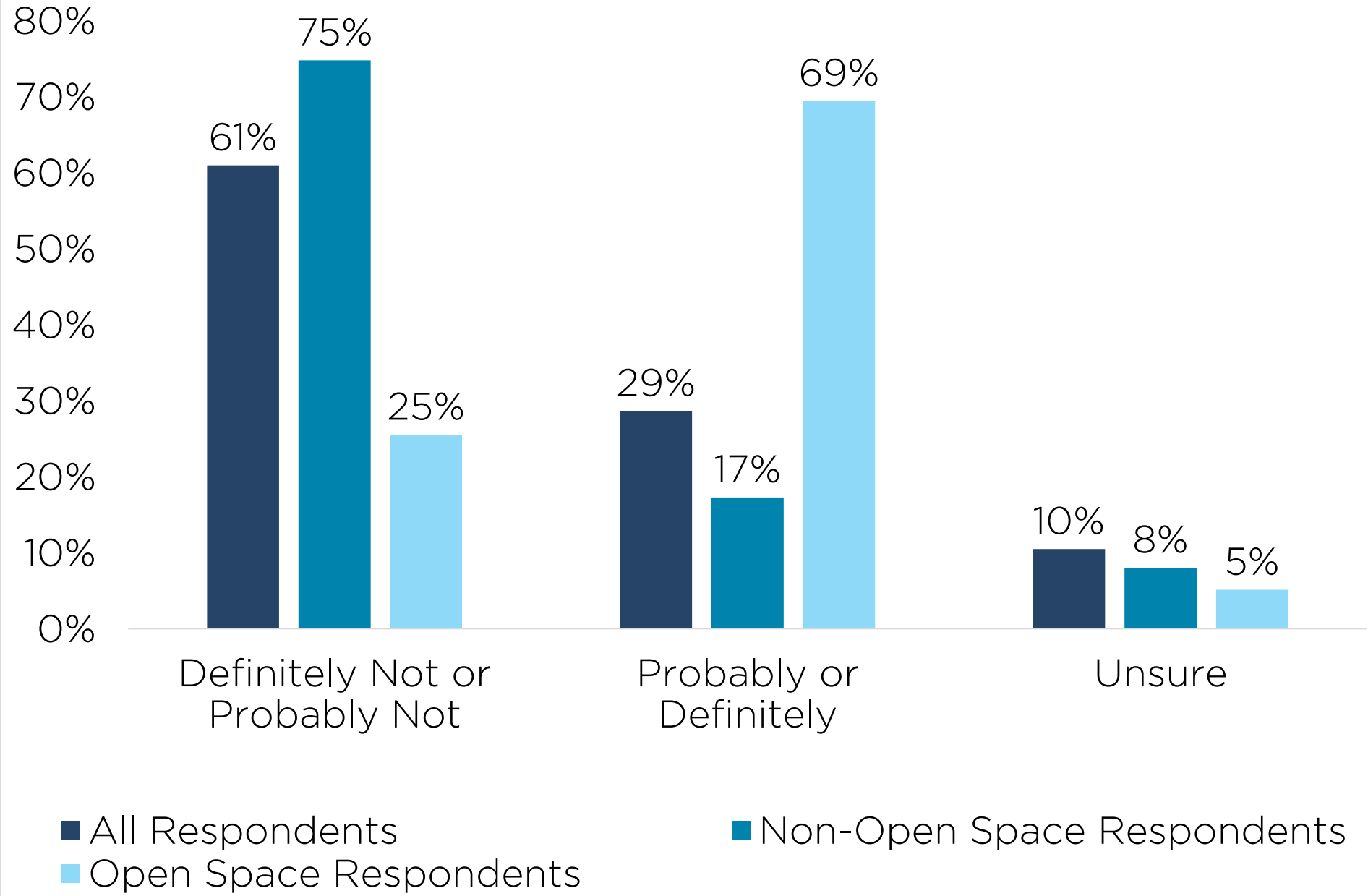
**\$5.25**

Per  
month,  
every  
household...  
somewhere

# Support for Replacing Open Space Fee with Property Tax Increase



# Support for Replacing Open Space Fee with City-wide Parks Fee



# Public Safety Fee





# Public Safety Fee

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What should  
it be?

# Long-term Sustainability

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- Budgeting philosophy = bare bones
- General Fund absorbed FY11-12 increase ~\$600K
- Public Safety fee not increased since inception
- Property & sales tax trends since 2010
- With no PS fee increase, future revenue growth (sales/property tax) likely go to public safety
- We are currently in an outlier with regard to revenue increases; if the last two years are a blip, we need to plan accordingly
  - Building permit revenue is also a significant outlier
- Fed response to inflation in raising interest rates is intended to slow things down
- Recessionary adjustments: CIP vs. O&M

# Public Safety Share of Ongoing Revenue in the General Fund

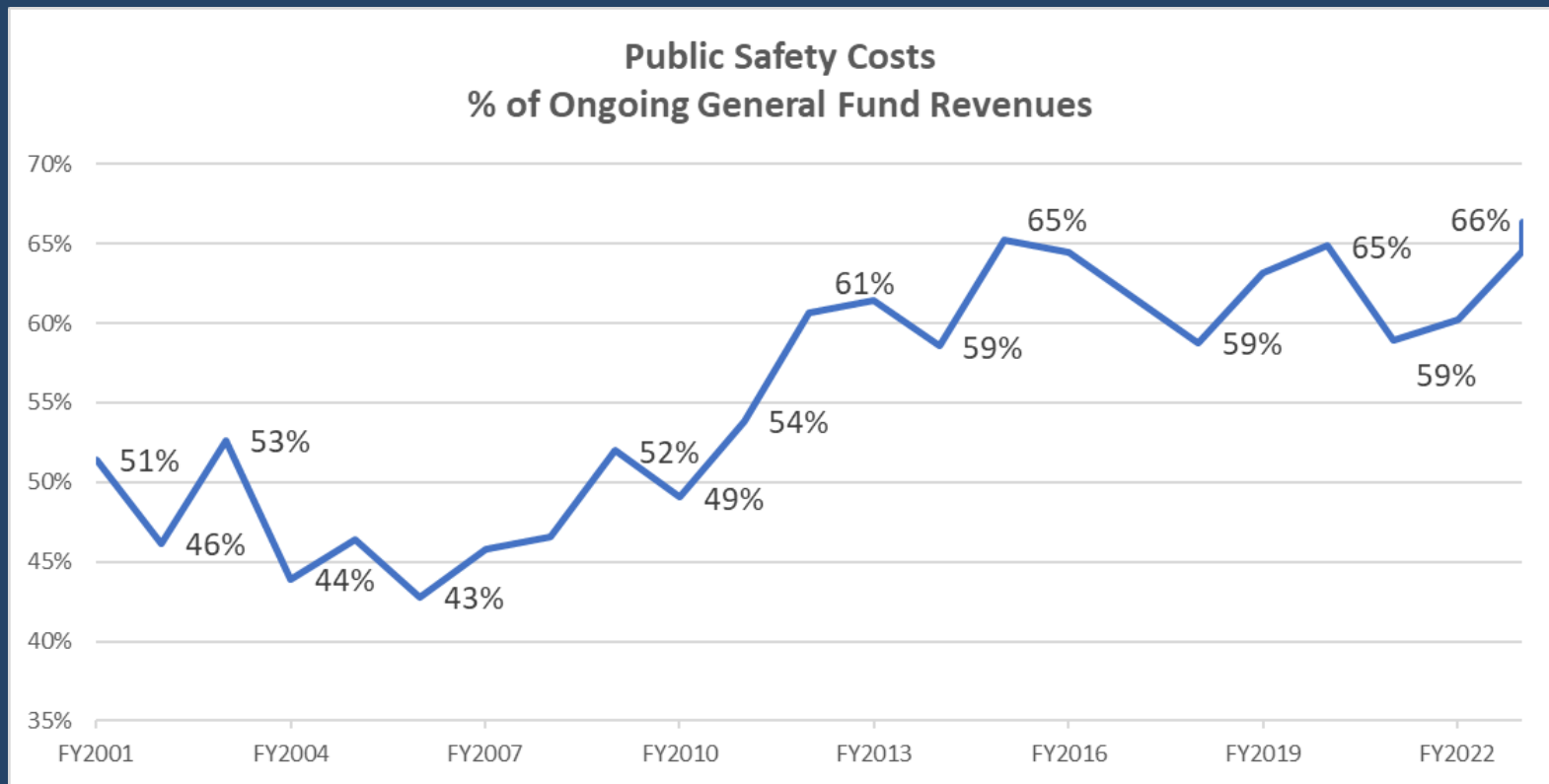
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Sources include:

- Property tax
- Sales tax
- Fee in-lieu of personal property tax
- Utility tax
- Phone tax
- Public safety fee

FY2023 projection of revenue above <i>*Without public safety fee increase</i>	\$7,447,600
Less public safety costs	(\$4,939,654)
Net ongoing revenue - General Fund	\$2,507,946

# Public Safety Share of Ongoing Revenue in the General Fund



# Public Safety Share of Ongoing Revenue in the General Fund

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47%

FY2001 to  
FY2008  
Average

66%

FY2023  
Projected  
*\*With no public safety  
fee increase*

# Revenue Net of Public Safety

	<b>Net Revenue After PS</b>	<b>Net Revenue to Population</b>	<b>Arrests per Capita</b>
<b>Draper</b>	\$17,014,600	\$344.94	0.0098
<b>Lehi</b>	\$17,115,248	\$249.14	0.0169
<b>American Fork</b>	\$8,404,283	\$244.15	0.0071
<b>Alpine</b>	\$2,471,542	\$238.59	0.0079
<b>Pleasant Grove</b>	\$7,582,811	\$199.82	0.0171
<b>Cedar Hills</b>	\$1,608,078	\$160.42	0.0071
<b>Saratoga Springs</b>	\$4,846,944	\$109.75	0.0166
<b>Highland</b> <i>*No PS fee increase</i>	\$2,507,946	\$127.88	0.0079
<b>Highland</b> <i>*PS fee increase \$3.75</i>	\$2,719,946	\$138.69	0.0079

# Public Safety (PS) Fee

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## Scenarios

### 1. No increase

- Commits all tax revenue increase to public safety, including future years
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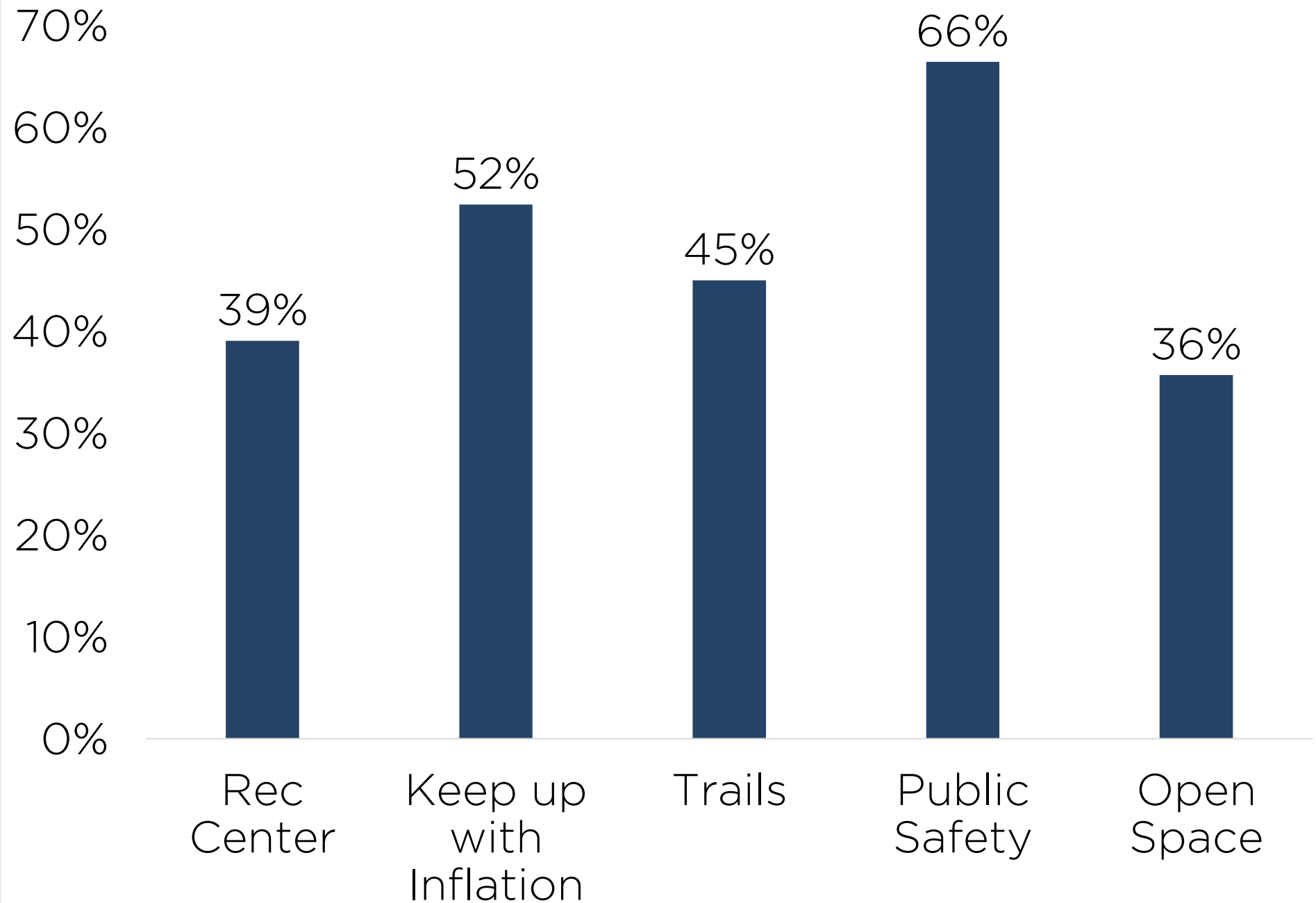
### 2. Increase \$3.75 to \$15.25/month

- Tax revenue & PS fee increases cover all but \$100K of PS cost increase
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### 3. Increase \$11.50 to \$23/month

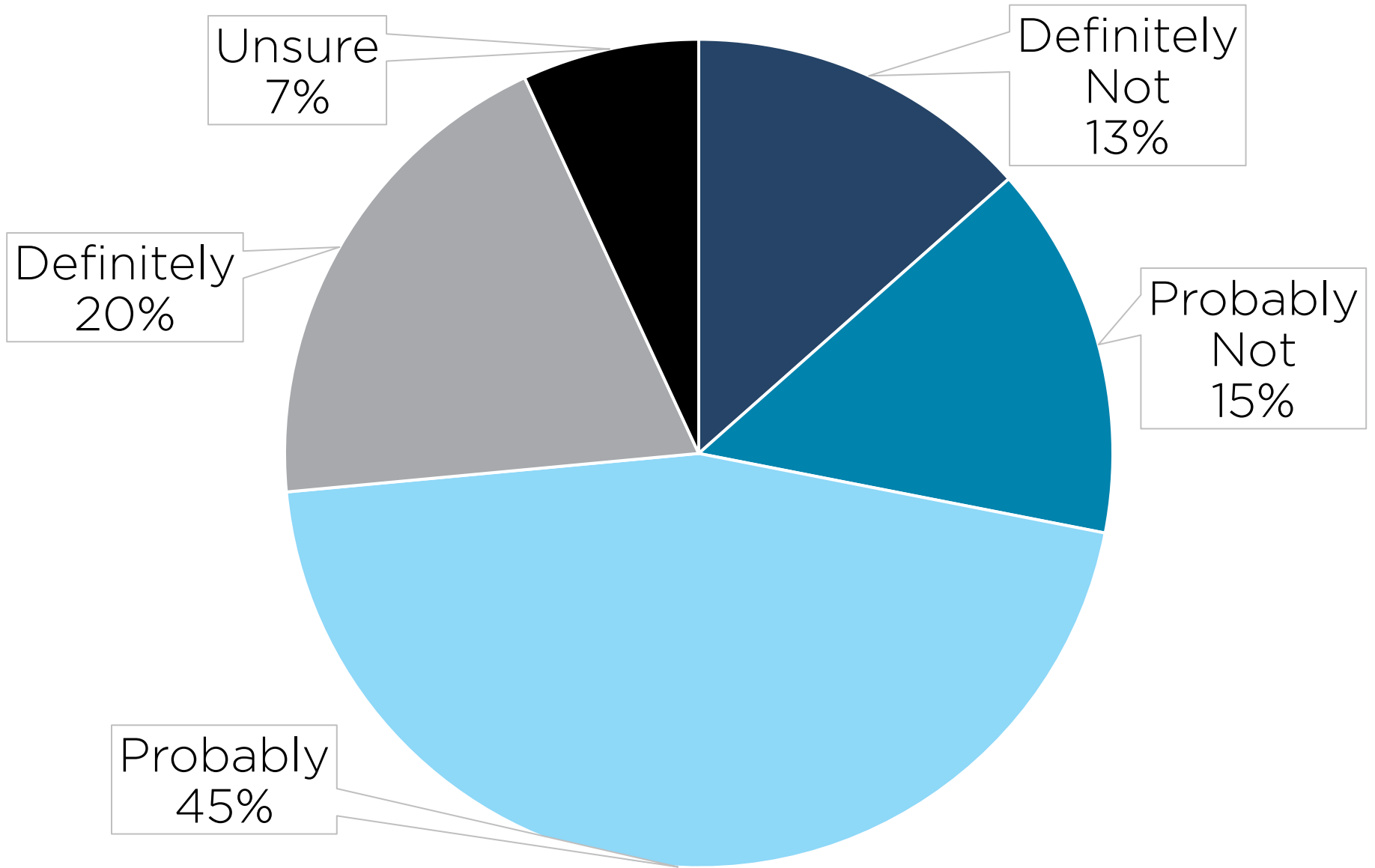
- PS fee covers cost increase

# Support for Raising Property Taxes





# Increase Public Safety Fee



# Public Safety Fee

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What should  
it be?

# Utility Capital Improvement Projects (CIP)



# Utility Rate Drivers

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Cost  
&  
Timing

# Project Cost Increases

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- Culinary
  - Well & Well House #4 Replacement – \$1.1MM increase (FY2022-2023)
  - Well House #5 Replacement – \$518K increase
- Pressurized Irrigation
  - MP #14 Source – \$200K increase (FY2023)
- Sewer
  - AF River Lift Station Replacement – \$664K increase (FY2023)
  - Vac Truck – \$395K increase (FY2029)
- Storm Sewer
  - Various projects – \$719K increase (FY2023-2027)

# Project Scheduling

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- Impact of postponing individual projects
- Grant opportunities

# Items for Consideration



# Items for Consideration

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Determine  
what to take  
out or change



# Items for Consideration

## General Fund

Account Number	One-time or Ongoing?	Account Title	Amount	Notes
10-43-75	One-time	Capital Outlay-Special Proj	100,000	Council Chambers AV
10-60-74	One-time	Capital Outlay-Equipment	77,000	Skid steer (Cemetery)
10-43-75	Ongoing	Capital Outlay-Special Proj	50,000	Tree replacement
10-60-48	One-time	Streets, Traffic, & Warn Signs	20,000	2nd variable message sign
10-43-74	One-time	Capital Outlay-Equipment	6,500	Fire station exhaust system
10-60-34	One-time	Prof and Tech Services	15,000	Traffic Control Toolbox Study
10-60-48	Ongoing	Streets, Traffic, & Warn Signs	14,000	Radar Speed & RRFB Sign
10-72-63	Ongoing	Community Enrichment	7,800	Christmas lights
10-41-62	Ongoing	Council Appropriations	18,000	\$3K per Mayor & Council Member
10-52-25	One-time	Special Projects	78,400	General Plan update \$75K Alt Trans Plan Match \$3.4K
10-70-31	Ongoing	Park Maintenance Contract	3,500	Gardening beds - City Hall, LP
10-43-40	Ongoing	Mass Notification System	5,000	Texting system

# Items for Consideration

## General Fund – Building Permits

Account Number	One-time or Ongoing?	Account Title	Amount	Notes
10-58-74	One-time	Capital Outlay-Equipment	51,230	Vehicle for inspector

## Other Funds

Account Number	Fund	One-time or Ongoing?	Account Title	Amount	Notes
42-40-67	CAP IMP BUILDING	One-time	New Parks Maintenance Bldg.	900,000	Parks Maint Bldg
40-40-75	CAPITAL IMP PARKS	Ongoing	Park Equipment	41,000	Garbage cans in parks
21-43-74	Cemetery	One-time	Capital Outlay	75,000	Grave excavation equip
21-43-12	Cemetery	Ongoing	Overtime	2,000	Weekend burials
20-43-74	Open Space	Ongoing	Capital Outlay	150,000	Playground @ Mitchell Hollow
TBD	Parks Tax	Ongoing	Playground Maintenance & Rep.	150,000	Playground @ Heritage Park

# Items for Consideration

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Determine  
what to take  
out or change

# Questions?

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Thank you &  
Good Night!