

STAFF REPORT

TO: Summit County Council
FROM: Matt Leavitt – Summit County Financial Officer
DATE: July 22, 2020
SUBJECT: Budget resolution reducing transit and County Fair budgets in response to COVID-19 economic impacts.



BACKGROUND:

Prior to and during the April 29, 2020 Council meeting work sessions were held to discuss the economic impacts of the COVID-19 virus and the subsequent impacts on County revenues. Even two and a half months later there are still unknown variables that could change revenue estimates, variables such as the impacts from the now expired Stay at Home orders, the ability of jobs and businesses to recover and the upcoming ski season, the County has taken actions to reduce 2020 budgets to meet anticipated resources.

During the April 15, 2020 Council work session, a first round of budget reduction recommendations totaling \$2.9 million was approved by the County Council with a follow-up meeting on April 29th further reducing the operating budget by an additional \$6.9 million. Operating funds include the general, municipal services, and the assessing & collecting funds and are the primary sources for elemental County government services. Additional work has been done to address County Fair and other fund budgets.

Presented with this staff report is a resolution amending the 2020 operating budgets.

COUNCIL REQUIRED ACTION:

Staff recommends Council adopt the budget resolution.

SUMMARY INFORMATION: County Fair

Owing to current circumstances with the COVID-19 virus and steps that the County has taken in order to reduce spreading the virus the County Fair's cancelled events were discussed at the July 15th Council meeting. In addition to addressing social distancing standards surrounding a public event a significant funding source for the County Fair, Transient Room Tax, has experienced a reduction in revenues as a result of the economic shutdown (see [Table 1](#)). As a result, high profile events such as the demolition derby, PRCA rodeo, equine and other events that have become a staple of the Summit County Fair will no longer be held.

Table 1

Transient Room Tax				
2018	2019	% Chg	2020	% Chg
309,796	608,497	96.4%	579,676	-4.7%
1,437,267	1,188,865	-17.3%	1,582,205	33.1%
1,653,421	1,830,450	10.7%	2,105,214	15.0%
1,951,760	1,777,833	-8.9%	2,096,588	17.9%
1,464,090	2,028,116	38.5%	1,038,452	-48.8%
347,499	251,034	-27.8%	135,970	-45.8%
283,959	290,998	2.5%		
397,130	420,113	5.8%		
657,962	649,889	-1.2%		
459,204	563,767	22.8%		
586,935	870,752	48.4%		
329,543	529,957	60.8%		
9,878,566	11,010,272	11.5%	7,538,105	-1.9%
	2020 Budget		10,750,000	
	% of Budget Received ---->			70.1%
	% of Months Collected ---->>			50.0%

May and June's reduction in TRT revenues (48% and 45% respectively) reflect the industry shutdown which occurred in March

The proposed amended County Fair budget is presented in **Table 2**. **The reduction represents a decrease of \$209 thousand or 45.0%**. The increase in professional services is to reflect the contractual efforts of the County's partners to promote and advance the objectives of the County Fair.

Table 2

Account Category	Original	Amended	% Δ
Salaries & Benefits	\$ 75,620	\$ 75,620	0.0%
Overhead	109,100	41,025	-62.4%
Equipment	2,000	2,000	0.0%
Professional Services	78,500	98,000	24.8%
Contests	9,450	6,230	-34.1%
Events	190,450	32,900	-82.7%
	<u>\$ 465,120</u>	<u>\$ 255,775</u>	<u>-45.0%</u>

SUMMARY INFORMATION: Transit District

The Snyderville Basin Transit District is funded primarily (85.1%) through four different sales tax revenues – three of which began to be implemented in 2016 and received in 2017 so there is little history. Since the transit program is supported by local economic activity the shutdown will have an impact on the County’s ability to deliver services at the level expected when the 2020 budget was adopted in December 2019. It is somewhat fortuitous that the demand for services has also decreased as a result of the economic shutdown.

Table 3 shows the impact on ridership and sales tax revenues (reported in the month they are *received* by the County and not when the taxes were *collected* by vendors). Between the month of March and June ridership decreased over 80 thousand riders (74.6%) and sales tax revenues decreased \$1.1 million (68.9%). A portion of the decrease may be attributed to a “normal” close of the ski season. The average decrease in monthly mass transit sales tax revenues¹ between June and March for the prior five years is nearly \$74 thousand (37.9%).

¹ Only mass transit sales taxes are being evaluated in a historical context due to the lack of historical data for other sales tax revenues.

Table 3

Route Name	January	February	March	April	May	June
6	79,600	75,980	38,444	4,168	5,149	7,018
7	33,248	30,360	20,033	4,382	5,860	7,335
8	9,357	7,281	5,004	1,404	1,877	2,446
10	100,041	73,691	43,352	6,255	8,068	9,812
11	2,804	2,049	1,198	277	677	821
Monthly Ridership	225,050	189,361	108,031	16,486	21,631	27,432
Sales Tax Source						
Mass Transit	\$ 172,361	278,731	264,831	220,096	187,770	111,531
County Public Transit	284,195	541,075	564,696	496,337	372,056	158,654
Add Mass Transit	357,328	680,189	710,303	619,753	465,735	198,336
Transportation Infrastructure	57,441	92,218	87,507	73,366	62,555	37,337
Combined Sales Taxes	\$ 871,325	1,592,213	1,627,337	1,409,552	1,088,116	505,858
Sales Tax per Rider	\$ 3.87	8.41	15.06	85.50	50.30	18.44
Cost per Rider	\$ 1.22	1.45	2.54	16.65	12.69	10.01

In response to the changes in both demand (ridership) and reduction in sales tax revenues the County Transportation Director, Caroline Rodriguez, is recommending a \$2.5 million (19.5%) reduction in the Snyderville Basin Transit District budget. While few specific line items may increase, the largest reduction is in bus service. **Table 4** shows the recommended amended 2020 budget for the Transit District.

Table 4	<u>Original</u>	<u>Amended</u>
Salaries & Benefits	\$ 281,724	281,724
Bus Service	10,041,185	7,290,000
Overhead	115,730	115,730
Professional Services	356,881	356,881
Capital Improvements	2,294,480	2,491,837
	\$ 13,090,000	10,536,172

Questions regarding specifics of the proposed budget reductions may be addressed to me at mleavitt@summitcounty.org.

Sincerely,

Matt Leavitt

Summit County Chief Financial Officer

**A BUDGET RESOLUTION OF THE SUMMIT COUNTY COUNCIL 2020
BUDGET REDUCTION AMENDMENTS**

WHEREAS, pursuant to UCA §17-36-24, five (5) days advanced notice was given to the members of the Summit County Council and to each department head of all effected departments of potential action to amend the internal department accounts within the following 2020 budgetary funds: County General Fund, and Snyderville Basin Transit District; and,

WHEREAS, the amendments to these budgetary funds does not result in an increase to the budgets of any of these funds, but rather it results in a decrease to each of these funds; and,

WHEREAS, the Summit County Council, acting as the governing body of Summit County (the “County”), finds that it is in the best interests of the County to amend and reduce the 2020 budgetary funds of the following: County General Fund, and Snyderville Basin Transit District.

NOW THEREFORE, BE IT RESOLVED, pursuant to UCA §17-36-24, the Summit County Council, acting as the governing body of the County, hereby amends and reduces the 2020 budgetary funds, as shown in Exhibit A herein, of the following:

County General Fund
Snyderville Basin Transit
District.

APPROVED, ADOPTED, AND PASSED and ordered published by the Summit County Council, this 29th day of July, 2020.

COUNTY COUNCIL
SUMMIT COUNTY, STATE OF UTAH

ATTEST:

By: _____

Doug Clyde, Chair

Kent Jones
County Clerk

APPROVED AS TO FORM:

David L. Thomas
Chief Civil Deputy

EXHIBIT A

See Table 2 and Table 4 for the recommended budget adjustments for the General Fund and the Snyderville Basin Transit District Fund (respectively).

General Fund Adjustments: Department – County Fair

Table 2:

Account Category	Original	Amended	% Δ
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Overhead	109,100	41,025	-62.4%
Equipment	2,000	2,000	0.0%
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	\$ 465,120	\$ 255,775	-45.0%

Snyderville Basin Transit District Adjustments:

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