

STAFF REPORT

TO: Summit County Council
FROM: Matt Leavitt – Summit County Financial Officer
DATE: October 8, 2020
SUBJECT: Presentation of County Manager’s 2021 budget recommendations.



BACKGROUND:

The attached document represents the County Manager’s recommended 2021 budget to the County Council. The County’s 2021 budget process began with a Management Team Meeting on June 29 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 in mid-September.

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 \$57.1 million, an *increase* of 7.1%.

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. We started this process all knowing that our revenue situation in 2021 was going to be lower in sales taxes and very uncertain in how much lower. 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.

SUMMARY INFORMATION:

Revenues:

Earlier in 2020 the County reacted to the anticipated economic impacts on County revenues by amending the adopted 2020 budget. The end of April the original 2020 budget of \$61.4 million was reduced by 12.8% to \$54.2 million. At the time the budget was amended there were many unknowns regarding the depth and the breadth of the impacts on the Summit County economy and County revenues. There continue to be unknowns as the upcoming ski season represents a significant factor in County revenues.

Estimated revenues for 2021 are \$57.2 million, an increase of \$1.5 million or 2.7%. Revenues from taxes are anticipated to increase 4.8% (\$1.6 million) primarily due to property tax revenues. Sales tax revenues are currently estimated \$200 thousand lower than the 2020 amended and nearly \$1.0 million less than 2019 actual amounts. Revenues from delinquent taxes (Redemptions) are anticipated to be slightly higher in 2021 to reflect both 2019 actual amounts as well as late payments from property owners.

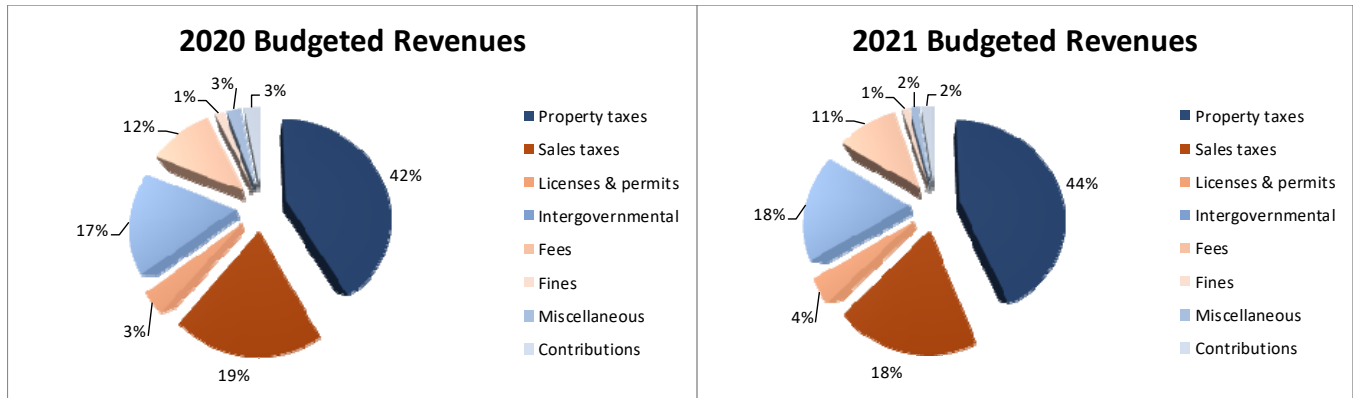
In 2017 the County went through the Truth in Taxation process for the general and municipal services funds. At that time the County also committed to evaluate the need for Truth in Taxation every four to five years. 2021 will be a year in which the County's taxing authorities (General Fund, Municipal Fund, Assessing and Collecting and Service Areas) are reviewed for the need for Truth in Taxation that could take place during the 2022 budget process.

Revenues from licenses and permits are estimated at \$2.2 million, an increase of \$277 thousand (14.1%). The majority of revenues from licenses and permits is from building permits (\$1.4 million) which have been increased to reflect ongoing construction activity within the County, but still remain lower than 2019 revenues (\$2.1 million). The State implemented a new fee structure for recording fees in 2019. 2020 is the first full year of receiving revenues from recorder fees at the new rate. The recommended budget anticipates a 59.1% increase (\$290 thousand) in recorder fees. Engineering permit revenues are also estimated higher in 2021 (\$155 thousand, or 88.5%) due to an adjustment to the current fee schedule.

36.8% of intergovernmental revenues are received from through the Public Health functions and are used to support those programs. Estimated revenues from Public Health grants are \$471 thousand higher (14.5%) than the 2020 amended budget amounts. Other increases in intergovernmental revenues include Class B road funds (12.3%, or \$198 thousand) to be more in line with recent years.

Revenues from fees are estimated to be 1.8% lower (\$155 thousand) staying somewhat consistent to the budgeted fee revenues for 2020. Most fee revenues are a reflection of local economic activity. The County will continue to evaluate sales tax and fee revenues during the first part of 2021 in order to make necessary adjustments. Also, as part of the annual budget the Council will adopt a fee schedule. It is expected that the curbside collection fee, currently at \$40 per year, will be addressed during budget discussions with the Council prior to adopting the fee schedule. There will also be a host of other fees that will be discussed in the schedule.

The following charts compare the 2020 amended budgeted revenues with the 2021 recommended revenues.



Expenses:

The County continues to evaluate employee positions as they become open. The County is currently imposing a “soft-freeze” on fifteen full-time positions, two part-time positions, and eight temporary and intern positions. These positions will be reflected on the Official Chart of Positions (COP) to be adopted as part of the annual budget, but funding for these positions is not included in the current 2021 Manager’s recommended budget. The soft-freeze reflects 5.0% of the full and part-time positions on the COP. The County is currently recruiting in varying stages for 21 positions.

The proposed schedule anticipates discussions with the Council regarding staffing levels at the November 9th Council meeting. The budget committee and Manager recognize that in order to provide additional services or address upcoming opportunities the County will require adjustments to the COP including potentially authorizing additional FTE’s. During the same Nov 9th Council meeting staff anticipates discussing COLA and merit increases in order to address employee recruitment and retention.

General government functions represent most elected offices, excluding the Sheriff, and the planning department. A 1.2% increase primarily reflects two new departments (financial administration and public engagement) being staffed and functioning for a full year. There is one position frozen in each of these departments.

The Manager’s recommended budget for public safety is an increase of 4.4%, or \$817 thousand. Compliance services is recommended at \$324 thousand, an increase of 96.4%. This program is supported by funds received outside of the County to enforce programs such as internet crimes against children. The recommended budget includes an increase of \$278 thousand (8.3%) in the corrections division in order to reflect staff salaries and benefits. There are currently two frozen positions within the corrections division.

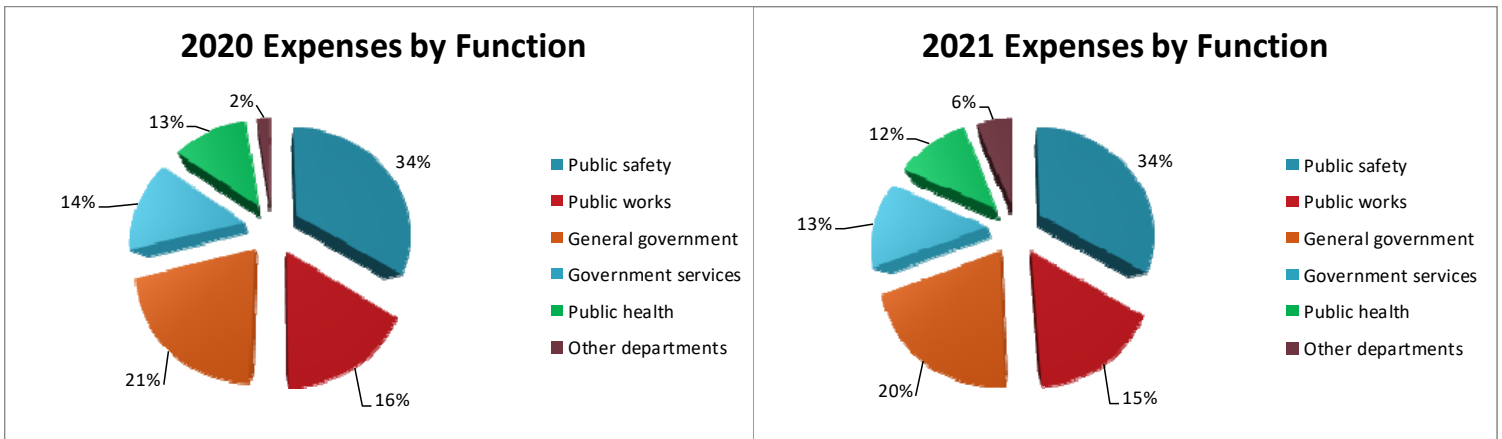
Public works recommended budget is \$8.8 million, an increase of \$97 thousand (1.1%). The recommended budget includes suspending the transportation division of public works. The programs provided by the transportation division have been primarily transit related and therefore the funding

should be properly reflected within the Transit District. In addition, funding for collecting of solid waste at Weber Canyon and Samak have been moved from the Landfill Enterprise Fund and are reflected in the waste collection division of public works.

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 \$7.4 million, a reduction of 2.2% or \$171 thousand. The Manager’s recommended budget includes removing the special events division which was split with the event security/special events division in public safety. In order to reduce confusion and redundancy these services will be provided solely through the event security/special events division.

Public health, which is funded 54.1% in the recommended budget by intergovernmental revenues in the form of grants, is steady at \$6.8 million. Increases in personal health division of \$229 thousand (10.6%) are offset by reductions in other areas. 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 2020 amended budget with the recommended 2021 budget.



Fund Balances:

It is expected that the 2021 beginning operating fund balances will be within the executive orders. Fund balance parameters set by the executive orders are based on budgeted revenues but were not reduced as a result of the 2020 budget amendments for fiscal prudence. The general fund requirement by executive order is between \$5.1 and \$6.1 million with beginning fund balance to be close to \$6.0 million. Municipal services fund balance requirement is between \$6.1 and \$7.6 million with a beginning fund

balance around \$7.8 million – slightly above the executive order requirement. Assessing and collecting requirements are between \$737 and \$954 thousand with beginning fund balances close to \$1.0 million.

As part of the 2021 budget discussions with the Council staff is anticipating a discussion regarding the use of fund balances. Fund balance levels have been set in order to continue providing services in the event of a downturn in economic conditions such as occurred during the 2020 year. The County was fortunate enough to be proactive in amending the 2020 budget and averted using fund balances for now. However, while there are unknowns regarding the local economy it is prudent to have a discussion regarding the Council's priorities in utilizing fund balances.

FURTHER ACTION:

There are five scheduled Council meetings between October 14th and December 2nd. The Council is scheduled to have public hearings on the 2021 budget, in addition to amending the 2020 budget, at the December 9th and 16th meetings. In order to cover the Manager's recommended budget and prepare for adoption at the December 16th meeting staff is proposing the following outline of meetings with each discussion being 1½ – 2 hours:

October 21: discussion on revenues and fund balances

October 28: capital projects, including major road and facility projects and bonding

November 4: presentation and discussion of the 2019 CAFR and independent audit

November 9: salaries and benefits, COLA/merit, staffing levels and Chart of Positions

November 16: upcoming 2021 projects including solid waste RFP, transit program, and EMS services

December 2: discussion regarding budget and County work plan, bring back unresolved issues

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 before the October 21 meeting.

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	<u>2017</u>	<u>ACTUALS</u> <u>2018</u>	<u>2019</u>	<u>AMENDED</u> <u>2020</u>	<u>REQUESTED</u> <u>2021</u>	<u>COMMITTEE</u> <u>2021</u>	<u>MANAGER</u> <u>2021</u>
OPERATING FUNDS:							
<u>Consisting of the general, municipal services, and assessing & collecting funds</u>							
REVENUES							
Taxes							
Property Taxes	16,793,700	20,880,772	21,142,809	21,579,562	23,080,660	23,080,660	23,080,660
Fee-In-Lieu (Motor Vehicle)	604,920	639,734	721,115	632,400	641,200	641,200	641,200
Redemptions	1,194,219	1,256,847	1,493,622	1,122,000	1,404,000	1,404,000	1,404,000
Sales Tax - Municipal	6,904,874	7,240,581	7,624,104	7,100,000	7,000,000	7,000,000	7,000,000
Sales Tax - General	3,432,378	3,628,521	3,921,595	3,600,000	3,550,000	3,550,000	3,550,000
Licenses & Permits	2,771,136	2,060,737	2,866,480	1,956,217	2,233,500	2,233,500	2,233,500
Intergovernmental	8,118,260	8,681,203	9,384,134	9,354,544	10,133,322	10,133,322	10,133,322
Fees	6,978,631	6,629,213	7,335,972	6,470,450	6,315,140	6,353,190	6,353,190
Fines	735,432	662,935	847,809	857,541	722,500	722,500	722,500
Miscellaneous	321,592	302,908	596,472	1,535,313	918,000	918,000	918,000
Contributions	1,521,793	1,684,140	628,042	1,535,523	1,287,354	1,240,420	1,231,600
Total Revenues	49,376,937	53,667,593	56,562,155	55,743,550	57,285,676	57,276,792	57,267,972

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	<u>2017</u>	<u>ACTUALS</u> <u>2018</u>	<u>2019</u>	AMENDED <u>2020</u>	REQUESTED <u>2021</u>	COMMITTEE <u>2021</u>	MANAGER <u>2021</u>
EXPENDITURES							
General Government							
Council	331,425	346,844	353,811	357,400	368,600	357,400	364,600
Administration	946,410	1,113,687	1,139,311	688,045	687,060	688,045	686,260
Economic Development	141,550	187,840	206,029	241,992	223,400	242,062	244,450
Financial Administration			154,043	574,569	791,915	568,569	710,900
Public Engagement			-	299,640	306,400	299,340	263,420
<i>Sub-Total Administration</i>	<i>1,419,385</i>	<i>1,648,372</i>	<i>1,853,193</i>	<i>2,161,646</i>	<i>2,377,375</i>	<i>2,155,416</i>	<i>2,269,630</i>
Auditor	475,487	517,097	454,042	259,085	377,972	259,085	384,600
Clerk	314,666	342,496	344,576	370,822	351,850	370,822	363,150
Elections	68,951	144,961	61,802	238,219	116,775	116,775	98,075
Treasurer	344,041	362,425	375,720	376,680	373,600	373,499	364,500
Recorder	623,278	633,530	672,044	695,204	716,655	687,255	725,255
Surveyor	-	-	-	-	-	-	-
Attorney	1,806,595	1,903,592	2,003,294	2,252,766	2,278,394	2,201,035	2,287,594
Assessor	866,271	927,226	952,276	1,020,888	929,653	968,045	1,020,745
Motor Vehicle	211,047	238,398	244,830	257,476	281,300	264,900	264,900
Justice Court	454,752	488,879	517,062	546,402	523,800	518,600	538,600
Public Defender	267,372	258,665	304,276	385,400	327,000	327,000	327,000
Community Devlpmt	553,489	475,029	491,484	515,497	541,500	510,650	532,550
Planning & Zoning	903,918	917,524	1,047,545	1,076,432	1,076,400	1,058,900	1,155,500
Building Inspection	938,484	1,035,133	1,049,206	1,148,815	1,155,950	1,101,800	1,110,900
<i>Sub-Total Community Devlpmt</i>	<i>2,395,891</i>	<i>2,427,686</i>	<i>2,588,236</i>	<i>2,740,744</i>	<i>2,773,850</i>	<i>2,671,350</i>	<i>2,798,950</i>
Total General Government	9,247,735	9,893,326	10,371,352	11,305,332	11,428,224	10,913,782	11,442,999
	2.61%	6.98%	4.83%	9.01%	1.09%	-3.46%	1.22%
Public Safety							
Administration	939,748	935,843	1,013,341	1,207,721	1,226,750	1,216,250	1,214,850
Patrol	3,153,039	3,118,897	3,659,632	3,982,139	3,982,252	4,053,074	4,026,274
Special Ops/School Resource	309,567	431,907	337,177	496,113	522,313	501,700	483,700
Criminal Investigations	945,846	953,135	922,505	1,347,600	1,423,800	1,347,600	1,242,100
Major Crimes Unit	653,437	681,293	808,177	-	-	-	-
JRI/Probation & Parole	271,708	373,757	94,060	269,050	574,115	318,450	340,250
Event Security/Special Events/Forest	213,312	198,805	78,895	83,700	327,500	133,700	133,700
Restricted Reserves	40,369	23,061	83,805	78,500	219,500	80,500	80,500
Compliance Services	250,500	214,356	77,219	165,000	324,000	324,000	324,000
<i>Sub-Total Law Enforcement</i>	<i>6,777,526</i>	<i>6,931,053</i>	<i>7,074,811</i>	<i>7,629,823</i>	<i>8,600,230</i>	<i>7,975,274</i>	<i>7,845,374</i>
Corrections	3,046,417	3,083,554	3,269,542	3,366,454	3,731,058	3,641,064	3,645,364
Jail Kitchen	434,921	418,977	465,160	445,875	463,600	463,350	462,050
Court Security	1,095,578	1,105,711	1,141,710	1,191,908	1,244,743	1,225,000	1,211,200
Communications	1,320,817	1,622,069	1,684,813	1,637,468	1,793,022	1,721,100	1,845,600
E-911	219,639	343,942	297,644	400,500	614,300	508,500	508,500
Search & Rescue	108,098	104,850	142,062	198,800	232,800	222,300	196,900
<i>Sub-Total Elected Sheriff</i>	<i>13,002,996</i>	<i>13,610,156</i>	<i>14,075,743</i>	<i>14,870,828</i>	<i>16,679,753</i>	<i>15,756,588</i>	<i>15,714,988</i>
Animal Control	597,508	553,870	503,902	571,650	567,930	576,200	560,300
No Summit Ambulance	359,416	379,000	6,000	401,343	401,343	401,343	401,343
So Summit Ambulance	349,697	371,000	8,000	387,163	387,163	387,163	387,163
PC Ambulance	1,851,135	2,021,000	2,046,000	2,025,190	2,025,190	2,025,190	2,025,190
Emergency Services	99,438	106,110	118,195	122,689	87,550	113,400	136,200
Fire Warden	88,570	33,859	36,969	68,894	69,600	40,394	40,394
Total Public Safety	16,348,760	17,074,994	16,794,809	18,447,757	20,218,529	19,300,278	19,265,578
	0.90%	4.44%	-1.64%	9.84%	9.60%	4.62%	4.43%

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Public Works							
Administration & Shop	956,810	848,970	1,235,291	960,795	1,001,370	987,870	986,550
Class B Roads	1,396,459	1,377,786	1,324,462	1,379,100	1,412,000	1,402,000	1,412,000
County Roads	1,798,560	2,038,535	2,214,705	1,649,173	1,773,972	1,758,900	1,725,200
Storm Water Management	128,250	81,144	115,507	110,500	135,500	135,500	143,300
Weed Control	445,228	433,626	433,856	447,091	538,937	491,000	437,900
Engineering	910,125	939,285	898,418	1,146,229	1,198,125	1,189,425	1,138,625
Transportation	171,277	83,293	12,872	224,870	-	-	-
Sub-Total Public Works	5,806,709	5,802,639	6,235,111	5,917,758	6,059,904	5,964,695	5,843,575
Waste Collection	2,842,443	3,075,014	3,308,193	2,807,838	2,922,264	2,922,264	2,979,564
Total Public Works	8,649,152	8,877,653	9,543,303	8,725,596	8,982,168	8,886,959	8,823,139
	7.94%	2.64%	7.50%	-8.57%	2.94%	1.85%	1.12%
Government Services							
Risk Management	628,632	637,448	560,498	716,245	629,300	626,800	627,300
Information Technology	1,248,145	1,305,476	1,345,917	1,483,006	1,593,411	1,491,311	1,472,311
Personnel	456,104	490,655	481,815	502,804	505,467	470,502	493,250
Coalville Area	622,551	758,945	574,795	732,682	836,926	750,082	737,000
Kimball Junction Area	144,805	129,084	173,504	229,166	285,643	231,666	230,800
Kamas Area	86,706	146,554	221,523	172,302	225,883	181,551	183,700
Public Works/Animal Shelter	112,194	93,147	106,401	152,200	1,950,800	215,500	215,500
Justice Complex	459,975	471,498	606,615	485,818	588,250	518,018	501,600
County Health Center	146,564	172,909	169,937	452,857	459,668	449,357	446,950
Parks & Grounds	198,437	193,072	297,050	258,156	439,126	328,650	318,050
Fleet Services	15,607	17,862	16,877	16,000	21,000	15,000	15,000
Sub-Total Facilities	1,786,839	1,983,071	2,166,702	2,499,181	4,807,296	2,689,824	2,648,600
County Fair	483,764	437,361	405,214	454,204	346,638	412,220	418,000
State Fair Exhibit	804	79	-	-	-	-	-
Special Events	-	-	62,500	86,490	-	-	-
NS Youth Recreation	35,000	35,000	25,000	15,000	15,000	15,000	10,000
SS Youth Recreation	35,000	35,000	25,000	15,000	15,000	15,000	10,000
Basin Recreation	35,000	-	-	-	-	-	-
Library	1,285,581	1,400,407	1,422,491	1,528,990	1,431,438	1,438,742	1,457,642
History	77,884	73,934	37,921	107,700	105,590	103,550	99,550
USU Extension Services	136,866	156,354	146,919	178,435	178,435	178,435	178,435
Total Government Services	6,209,620	6,554,785	6,679,976	7,587,055	9,627,575	7,441,384	7,415,088
	-2.08%	5.56%	1.91%	13.58%	26.89%	-1.92%	-2.27%
Public Health							
Administration	433,848	444,080	467,774	509,115	509,600	509,600	528,400
Personal Health	1,912,105	1,899,397	1,990,715	2,153,311	2,198,858	2,198,858	2,382,458
Early Intervention	482,469	458,502	541,207	685,396	602,915	602,915	588,815
Environmental Health	655,844	649,181	727,142	763,161	722,178	722,178	728,878
Public Health Preparedness	162,802	179,254	202,438	174,043	222,050	222,050	235,850
Prevention	621,360	694,929	569,794	988,394	831,816	831,816	858,316
Mental Health	869,265	1,043,025	1,043,158	1,415,904	1,416,590	1,416,590	1,402,190
Sustainability	150,763	170,575	225,675	172,597	161,150	161,150	161,150
Total Public Health	5,288,456	5,538,942	5,767,903	6,861,921	6,665,157	6,665,157	6,886,057
	0.41%	4.74%	4.13%	18.97%	-2.87%	-2.87%	0.35%

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Other Departments							
Television	146,808	147,460	139,637	126,000	119,000	114,000	114,000
Non-Departmental	487,117	575,951	698,141	485,100	559,000	544,000	544,000
Contributions	181,900	258,928	328,213	312,700	284,600	274,100	311,300
To Other Funds	162,518	262,746	25,000	50,000	-	-	921,100
Miscellaneous	389,655	695,548	284,324	322,600	2,527,147	922,600	1,518,100
Total Other Departments	1,367,999	1,940,633	1,475,316	1,296,400	3,489,747	1,854,700	3,408,500
	-28.64%	41.86%	-23.98%	-12.13%	169.19%	43.07%	162.92%
Total Operating Funds	47,111,722	49,880,333	50,632,659	54,224,061	60,411,400	55,062,260	57,241,361
	0.76%	5.88%	1.51%	7.09%	11.41%	1.55%	5.56%