PARK CITY COUNCIL MEETING MINUTES
445 MARSAC AVENUE
PARK CITY, SUMMIT COUNTY, UTAH 84060

May 14, 2020

The Council of Park City, Summit County, Utah, met in open meeting on May 14, 2020, at 4:00 p.m. The meeting was a remote, electronic meeting due to the declared public health emergency.

Council Member Gerber moved to close the meeting to discuss property at 4:00 p.m. Council Member Joyce seconded the motion.

RESULT:	**APPROVED**
AYES:	Council Members Doilney, Gerber, Henney, Joyce, and Worel

CLOSED SESSION

Council Member Gerber moved to adjourn from Closed Meeting at 4:45 p.m. Council Member Joyce seconded the motion.

RESULT:	**APPROVED**
AYES:	Council Members Doilney, Gerber, Henney, Joyce, and Worel

WORK SESSION

FY2020-21 City Manager's Recommended Budget: Presentation and Review: Jed Briggs and Erik Daenitz, Budget Department, presented this item. Briggs summarized the budget discussions from previous meetings. He indicated a tentative budget would be approved tonight. A provisional budget would be passed June 18th, and would include a 21% budget decrease. Within 60-90 days of the passage of the provisional budget, the budget would come back for Council consideration and the budget could be adjusted at that time.

Briggs reviewed the budget cuts made from departments thus far in the budget process, and noted each department would have expense decreases for the coming fiscal year. He stated the City was operating with approximately 100 fewer employees than this time last year. He also displayed a chart of projects that had been delayed.

Council Member Joyce asked if it was appropriate to continue with the planned solar panels on the roof of the senior project. Mayor Beerman stated that discussion should take place when the senior center item came before Council. Council Member Joyce felt this was money that could be easily saved. Council Member Worel asked what the fund balances were for the General Fund. Briggs stated there would be approximately $6.3 million in the General Fund at the beginning of the next fiscal year.

Briggs discussed the $5.5 million gap in the Transportation Fund. He indicated there would be a service reduction of $1.2 million, mostly from personnel cuts. He also stated federal funding would cover $1.5 million and $2.7 million in capital projects would be delayed in order to fill the gap.

Briggs reviewed the Water Fund and indicated water rates made the fund fairly stable, but noted there would be a $250,000 budget cut from the Water operating budget for FY2021. He displayed a summary of the FY2020 budget and projected FY2021 budget. Council Member Joyce asked why there wasn't more of a difference between the original FY2020 budget and the actual FY2020 budget, with all the cuts that had taken place. Briggs stated the budget was not figured on the cost savings imposed. Council Member Henney asked if the March sales tax figures had been received by the City, to which Briggs stated he had not received that.

Briggs stated the Emergency Contingency Account was increased from $90,000 to $250,000 in response to COVID-19. He also recommended reserving $250,000 of the Special Service Contracts (SSC) budget for COVID-19 response for non-profits.

Mayor Beerman wondered if $250,000 was enough since the City was being more conservative with releasing COVID-19 restrictions. He thought $500,000 would be more in line with what was needed by the vulnerable population. Council Member Worel agreed the increased funds would help the community. She asked if the SSC funds would be used for all non-profits or just the ones serving the vulnerable populations. Briggs stated a decision had not yet been made. Council Member Worel hoped this would be discussed more and noted some organizations, such as the arts non-profits, were struggling as well. Council Member Gerber favored reserving $500,000 for the non-profits. Council Member Henney was open to having the discussion, but he wanted to understand who was in need. He stated the Chamber had $6 million to market the community, and he thought that money could be repurposed during this time to help as well. Council Member Joyce stated the legislature hadn't ruled on the ability to use TRT money for other purposes. Also, there were no incoming Transient Room Tax (TRT) funds at the moment and it was not known when hotels would begin to fill up again.

Council Member Doilney indicated the City should prepare for the worst and hope for the best. He favored having a savings account for needs and supported having $250,000 or more in it. Council Member Henney reiterated that he wanted to know what organization would be in the best position going forward to lead in helping other organizations. He thought the City should have a role in helping, but didn't know if it should lead. Mayor Beerman confirmed the Council favored increasing the fund reserves to $500,000. Council Member Joyce wanted to conserve the reserve funds and not use those too quickly. Briggs stated he would look at capital projects for more cuts.

REGULAR MEETING

I) ROLL CALL

Attendee Name	Status
Mayor Andy Beerman Council Member Max Doilney Council Member Becca Gerber Council Member Tim Henney Council Member Steve Joyce Council Member Nann Worel Matt Dias, City Manager Mark Harrington, City Attorney Michelle Kellogg, City Recorder	Present via technology
None	Excused

II) COMMUNICATIONS AND DISCLOSURES FROM COUNCIL AND STAFF

Council Questions and Comments
Mayor Beerman stated there was a disagreement between the City and County about zoning changes and the County took offense at the comments provided by the City. He noted these disagreements happened from time to time, but the City and County continued to work jointly on the COVID-19 situation. He hoped for a resolution on zoning that was mutually acceptable.

Council Member Gerber thanked all who wore masks during this time. She heard a lot of great feedback on having virtual Council meetings, and wanted a future discussion on continuing the virtual meetings when the Council could meet in person.

Council Member Worel asked if the City could put blue lights on the white barn to show support of frontline workers. Dias indicated staff would look into that. Council Member Worel noted there were vacancies on the Public Art Advisory Board, and encouraged interested persons to apply. She noted there were nine applicants for three open seats on the Library Board.

Council Member Joyce indicated the Summit County risk level would remain orange and he encouraged people to take precautionary measures. Council Member Doilney stated it was hard to stay secluded, but he encouraged others to be the example and keep the virus at bay for as long as possible. He indicated the Leadership Class project was a kindness campaign and he thought that helped Park City be the great place it has always been.

Council Member Henney discussed the personal protective equipment distribution held on Friday afternoons at Miner's Hospital. He thought it was a good way for businesses to get up and running by having these items at cost. He appreciated all the other Council members' comments.

Mayor Beerman reported the U.S. used more electricity than coal for the first time in history. He was hopeful clean renewable energy use would continue to rise. He reiterated the need for kindness and patience during this stressful time. Council Member Henney stated a highlight of the meetings was that Lynn Ware Peek had been interpreting them in Spanish and the viewership had dramatically increased.

Mayor Beerman indicated that New Business Item Five would be continued.

III) PUBLIC INPUT (ANY MATTER OF CITY BUSINESS NOT SCHEDULED ON THE AGENDA)

Mayor Beerman opened the meeting for anyone who wished to submit written comments to the Council on items not included on the agenda. No comments were submitted. Mayor Beerman closed the public input portion of the meeting.

IV) CONSIDERATION OF MINUTES

Consideration to Approve the City Council Meeting Minutes from April 30, 2020:

Council Member Gerber moved to approve the City Council meeting minutes from April 30, 2020. Council Member Doilney seconded the motion.

RESULT: APPROVED
AYES: Council Members Doilney, Gerber, Henney, Joyce, and Worel

V) CONSENT AGENDA

1. Request to Authorize the City Manager to Enter into Agreements in a Form Approved by the City Attorney's Office with Wasatch Asphalt Paving, for Rotomilling, Pavement Overlays, and Utility Adjustments in the Amount of $752,398.10; Morgan Pavement, for Type II Slurry Seals and Seal Coat Trails in the Amount of $147,036.60; Bonneville Asphalt, for Crack Seal, in the Amount of

$79,200.00; Asphalt Preservation, for Tuffcoat P+ Seal, in the Amount of $16,646.76:

Council Member Worel asked if the City had worked with these companies before, since the City took the low bid on all the projects. Daley stated Wasatch Asphalt Paving was new, but they were buying their product from a third party the City had worked with. He had confidence in them and noted the bids were more competitive this year because of the pandemic. Council Member Joyce thought with the downturn, people would be looking for projects in the next few months. Daley indicated the low fuel prices helped in getting low bids.

2. Request to Authorize the City Manager to Execute the 2020 Amendment to the 2008 Water Service Agreement with Intermountain Health Care, in a Form Approved by the City Attorney's Office:

Mayor Beerman stated he was disappointed there was no mention of water conservation measures in the contract. Christensen stated the amendment was taken from the original contract, but the new building would have more energy efficiencies per the building code. Mayor Beerman asked if IHC would get a break if they used less water. Christensen stated there was an incentive for outdoor irrigation, but the indoor water was set up with the rate structure, and indicated IHC was on the same commercial tiered rate structure as other businesses. Council Member Gerber thought there should be more than two tiers and she hoped for a future discussion on this topic.

Council Member Gerber moved to approve the Consent Agenda. Council Member Joyce seconded the motion.

RESULT: APPROVED
AYES: Council Members Doilney, Gerber, Henney, Joyce, and Worel

VI) NEW BUSINESS

1. 2020 Water Revenue Bond Public Hearing:

Jed Briggs, Budget Manager, presented this item and reviewed the water bond would reimburse the costs of the acquisition, construction and completion of improvements to the water system for FY2019 and FY2020. The bond resolution was passed on April 16th. He recommended bonding now for this year's and next year's allotment due to low interest rates. Briggs noted they were considering making these green bonds, and explained green bonds required water conservation efforts, carbon reduction, and more. He would look into the criteria to make sure it would make sense for the City.

Mayor Beerman opened the public hearing. No comments were submitted. Mayor Beerman closed the public hearing.

2. Consideration to Approve Ordinance No. 2020-21, an Ordinance Adopting a Tentative Revised Budget for Fiscal Year 2020 and a Tentative Budget for Fiscal Year 2021 for Park City Municipal Corporation and its Related Agencies and Authorizing the Computation of the Property Tax Rate at a No Tax Increase Rate, and Set Public Hearings to Consider Adoption of the Final Budget on May 21, 2020 and June 11, 18, and 25, 2020, at the Regular City Council Meetings:
Jed Briggs and Erik Daenitz, Budget Department, presented this item. Briggs stated the tentative FY2021 budget should be adopted tonight. Per the work session discussion, Council favored adding $250,000 to the original $250,000 in the emergency reserves to help non-profits. Briggs also noted the motion should not include a public hearing on June 25th.

Mayor Beerman opened the public hearing. No comments were submitted. Mayor Beerman closed the public hearing.

Council Member Joyce moved to approve Ordinance No. 2020-21, an ordinance adopting a Tentative Revised Budget for Fiscal Year 2020 and a Tentative Budget for Fiscal Year 2021 for Park City Municipal Corporation and its related agencies and authorizing the computation of the property tax rate at a no tax increase rate, and set public hearings to consider adoption of the final Budget on May 21, 2020 and June 11 and 18, 2020, at the regular City Council Meetings. Council Member Joyce amended his motion to increase the $250,000 in relief funds to $500,000 and move the final budget adoption date to June 18th. Council Member Worel seconded the motion.

RESULT: APPROVED
AYES: Council Members Doilney, Gerber, Henney, Joyce, and Worel

3. Consideration to Continue an Ordinance Approving the 1064 Park Avenue Condominium Plat, Located at 1064 Park Avenue, Park City, Utah:

Mayor Beerman opened the public hearing. No comments were submitted. Mayor Beerman closed the public hearing.

Council Member Gerber moved to continue an ordinance approving the 1064 Park Avenue Condominium Plat, located at 1064 Park Avenue, Park City, Utah, to May 21, 2020. Council Member Worel seconded the motion.

RESULT: CONTINUED TO MAY 21, 2020
AYES: Council Members Doilney, Gerber, Henney, Joyce, and Worel

4. Consideration to Approve Ordinance 2020-22, an Ordinance Approving the 1209 Park Avenue Plat Amendment, Located at 1209 Park Avenue, Park City, Utah:

Liz Jackson, Planning Department, presented this item and stated the plat amendment would remove a lot line on the property.

Mayor Beerman opened the public hearing. No comments were submitted. Mayor Beerman closed the public hearing.

Council Member Joyce moved to approve Ordinance 2020-22, an ordinance approving the 1209 Park Avenue Plat Amendment, located at 1209 Park Avenue, Park City, Utah. Council Member Gerber seconded the motion.

RESULT: APPROVED
AYES: Council Members Doilney, Gerber, Henney, Joyce, and Worel

5. Consideration to Approve Ordinance 2020-23, an Ordinance Approving the Snow Park Residences Condominium Plat at 2290 Deer Valley Drive East, Park City, Utah:

Mayor Beerman opened the public hearing. No comments were submitted. Mayor Beerman closed the public hearing.

Council Member Joyce moved to continue an ordinance approving the Snow Park Residences Condominium Plat at 2290 Deer Valley Drive East, Park City, Utah, to June 11, 2020. Council Member Worel seconded the motion.

RESULT: CONTINUED TO JUNE 11, 2020
AYES: Council Members Doilney, Gerber, Henney, Joyce, and Worel

VII) ADJOURNMENT

With no further business, the meeting was adjourned.

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Michelle Kellogg, City Recorder

Fiscal Year 2021 Budget Process In Times of Uncertainty

- **April 9** – FY20 Revenue Shortfall Plan
- **April 16** – FY21 COVID-19 Financial Impacts
- **April 30** – FY21 Revenue Shortfall Plan
- **May 14** – Presentation & Adoption of the Tentative Budget
- **May 21** – CIP Budget Presentation
- **June 11** – Operating Budget, SSCs, City Fees, Budget Policies
- **June 18** – Presentation & Adoption of Final “Provisional” Budget

Fiscal Year 2021 Budget Process In Times of Uncertainty

FY 2021 Activities

FY 2021 budgeting assumes a 21% revenue shortfall using a balanced approach to fill gap

May 14, 2020

FY 2021 "provisional" budget adopted

June 18, 2020

- **Operate under Recession Plan provisions**
- **Potentially adopt amended budget after 90 days utilizing economic outlook leading into next ski season**

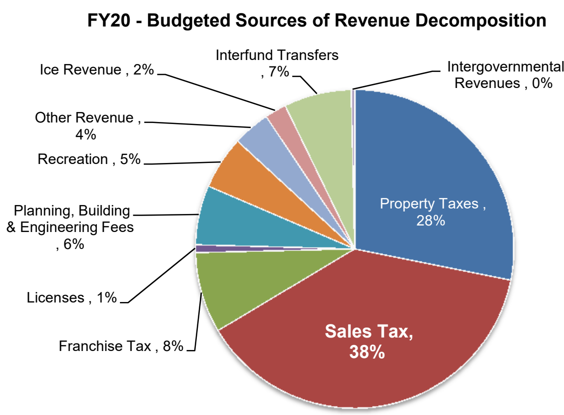
FY 2021 (First Quarter)

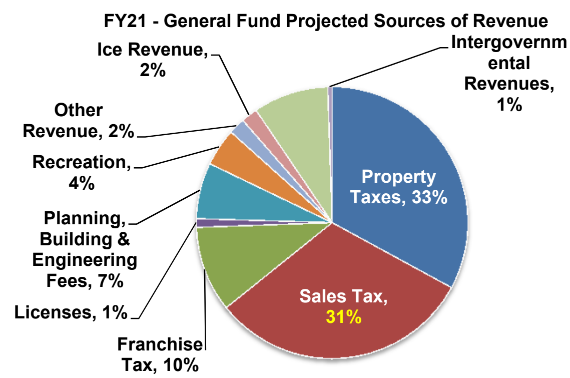
Source: Park City Municipal Corporation as of 4/20/2020.

FY 2021 Approach

1. Sales tax revenues are wildly uncertain for FY21
   – Revenue shortfall projected at $8.6M in GF
2. Need to budget cautiously during a time of fiscal ambiguity
3. Adopt “provisional” budget, reassess in 60-90 days
4. A balanced approach (operating, capital, & reserves) to address shortfall
   – Reduce operating expenses to match demand related to COVID-19

Revenue Sources Overview





Source: Park City Municipal Corporation as of 4/20/2020.

General Fund Revenue Projections - FY21

FY 2021 General Fund Revenue Projections - Summary

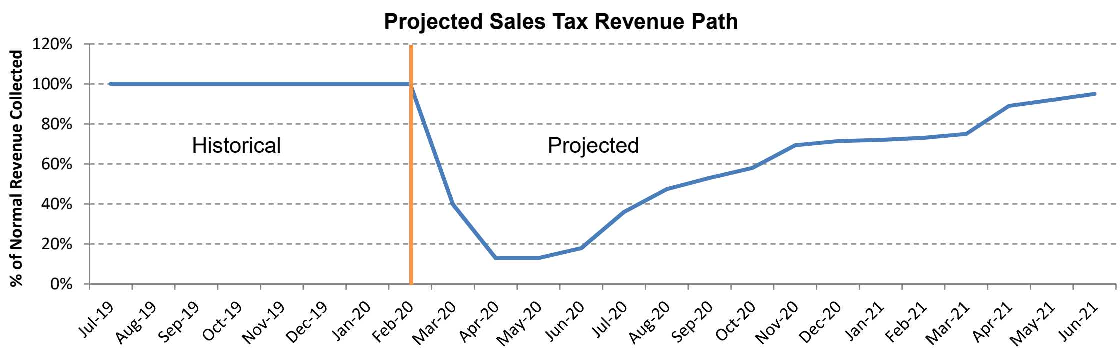
Revenue Type	FY 2020 Revenue Budget	FY 2021 Budget - Under Shutdown Conditions	$, Variance	%, Variance	% of Total Revenue
Property Taxes	$11,196,658	$10,412,892	($783,766)	-7%	33%
Sales Tax	$15,231,123	$9,747,919	($5,483,204)	-36%	31%
Franchise Tax	$3,262,000	$3,229,380	($32,620)	-1%	10%
Licenses	$312,000	$324,480	$12,480	4%	1%
Planning, Building & Engineering Fees	$2,397,000	$2,109,360	($287,640)	-12%	7%
Recreation	$2,145,000	$1,415,700	($729,300)	-34%	4%
Other Revenue	$1,505,227	$617,143	($888,084)	-59%	2%
Ice Revenue	$872,000	$619,120	($252,880)	-29%	2%
Interfund Transfers	$2,724,847	$2,833,841	$108,994	4%	9%
Intergovernmental Revenues	$138,000	$162,840	$24,840	18%	1%
Total	**$39,783,855**	**$31,472,675**	**($8,311,180)**	**-20.9%**	

FY 2021 Revenue vs. Expenses

FY 2020 Expense Budget	FY 2021 Revenue Projection	$, Variance	%, Variance
$40,049,762	**$31,472,675**	**($8,577,087)**	**-21.4%**

City Wide Sales Tax Projections - FY21

What is the shape of the recovery we are projecting?



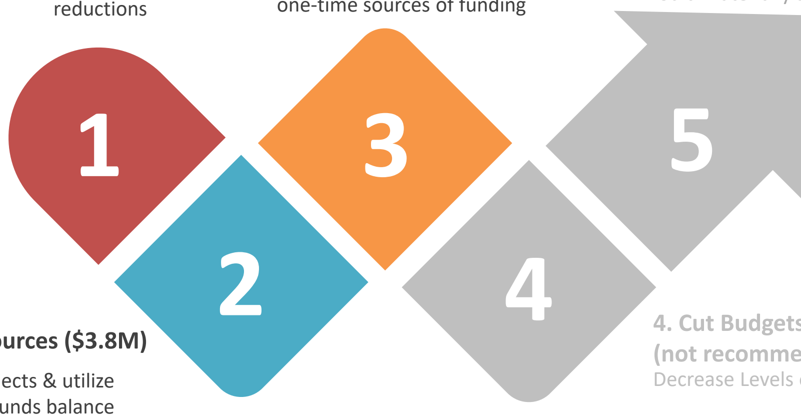
Bridging the Gap – FY21

($8,577,087)

1. Operational Expense Reductions ($3M)
Non-essential expenditure reductions

3. Spend from General Fund Balances ($1.7M)
Utilize General Fund balance as a one-time sources of funding

5. CIP Emergency Reserve (not recommended)
Additional one-time source of funding that would materially alter the City's credit rating



2. Capital Fund Resources ($3.8M)
Delay/defer capital projects & utilize capital funds balance

4. Cut Budgets Materially (not recommended)
Decrease Levels of Service

Recommended Actions

($8,577,087) – Estimated Shortfall

1. Operating Expense Reductions & Controls ($3M) – Across the board reductions incurred by each department in non-essential expenditure line items: tuition, training, conferences, supplies, equipment, materials, contract services, merit pay, overtime, hiring freeze.
2. Capital Improvement Funds – Delay & Cancel Projects ($3.8M)
   - $1.7M Delay capital project budgets
   - Utilize 32% or $2.1M of Capital Improvement Fund balance
1. Utilize General Fund Balance (21% or $1.7M) - Fund balances (emergency reserves) are meant to offset declines in revenue during times of economic distress and have been prudently held in abeyance for this purpose.
2. Cut Budget Materially – Not Recommended – Decrease levels of service, reduction in full-time staff
3. Spend from 5-year CIP – Not Recommended

Recommended Actions

($3M from operating cuts)

1. Operating Expense Reductions & Controls ($3M)

– Across the board reductions incurred by each department in non-essential expenditure line items: tuition, training, conferences, supplies, equipment, materials, contract services, merit pay, overtime, hiring freeze.

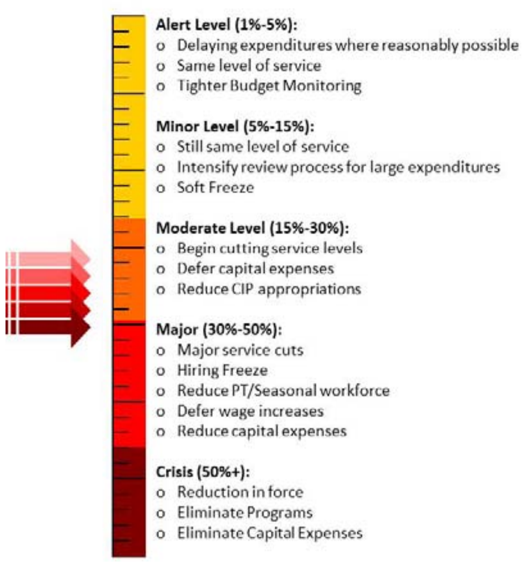
FY21 - Proposed Operating Budget Reductions

Expense Type	FY 2020 Expense Budget	FY 2021 Expense Budget	$, Variance	%, Variance
Materials, Supplies, Equipment	$2,055,796	$1,619,700	($436,096)	**-21%**
Training, Meeting, Events	$1,638,821	$1,194,701	($444,121)	**-27%**
Contingency	$350,000	$150,000	($200,000)	**-57%**
Utilities	$1,744,597	$1,707,240	($37,357)	**-2%**
Personnel - Merit Pay, Overtime, Part-Time	$3,996,953	$3,022,172	($974,781)	**-24%**
Contract Services	$ 4,434,074	$ 3,860,904	($523,170)	**-12%**
Other	$332,700	$20,000	($312,700)	**-94%**
Total	**$14,552,941**	**$11,574,717**	**($2,978,224)**	

*Impact: Delays in professional development, delays to office equipment maintenance, reduction in personnel capacity, flexibility, potential service-level reductions

Recession Plan for FY21

Projected Net Revenue Shortfall Plan

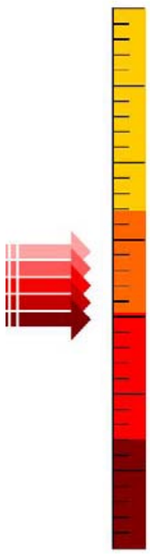


Recommended Actions

- **Delay and Reduce Expenses:** Delay expenditures where reasonably possible to match falling demand. Each department will be responsible for monitoring its individual budgets to ensure only essential expenditures are made. Reduce expenditures for O&M (martials, supplies, contract services, travel, equipment, bonuses, etc.)
- **Tightly Monitor Budgets:** Intensify the review process for large items such as contract and consulting services, and capital expenditures, including capital improvements.
- **Soft Hiring Freeze:** Closely scrutinize hiring for vacant (full-time and part-time) positions, delaying the recruitment process, and using temporary help to fill in where possible. The City Manager will review all personnel action with heightened scrutiny, including career development and interim reorganizations, to ensure consistency and equitable application of the soft freeze across the organization.

Recession Plan for FY21

Projected Net Revenue Shortfall Plan



Alert Level (1%-5%):
- Delaying expenditures where reasonably possible
- Same level of service
- Tighter Budget Monitoring

Minor Level (5%-15%):
- Still same level of service
- Intensify review process for large expenditures
- Soft Freeze

Moderate Level (15%-30%):
- Begin cutting service levels
- Defer capital expenses
- Reduce CIP appropriations

Major (30%-50%):
- Major service cuts
- Hiring Freeze
- Reduce PT/Seasonal workforce
- Defer wage increases
- Reduce capital expenses

Crisis (50%+):
- Reduction in force
- Eliminate Programs
- Eliminate Capital Expenses

Recommended Actions

Part-time/Seasonal Hiring Freeze:
- Seasonal and part-time positions will not be filled until necessary.
- The City is currently holding approximately 50-75 summer positions vacant.
- City is operating with approximately 100 less employees than it was at this time last year.
  - Transit, Ice, Recreation, general administration, etc.
- Police Department employs 130 part-time officers exclusively for special events; these positions will not be hired unless the major event schedule is reinstated this summer, and some of those resources are planned as savings

Recommended Actions

($3.8M from Capital Improvement Fund)

2. Capital – Delay, Defer & Cancel ($1.7M)
   - $1.7M Delay Expense Budget
   - Projects funded by the transfer from the General Fund to the Capital Improvement Fund

*Impact: Projects or purchases will be pushed back to later dates. Undetermined when funding would be restored to original level.

Recommended Actions

CRITERIA for DEFERRAL

- **Source of Revenue** - Projects that are funded by grants or bonds that are tied directly to a project were excluded from consideration
- **CIP Process Score** - Projects were ranked from lowest to highest CIP process score (lowest = least critical, highest = more critical)
- **Project Status** - Projects that are complete with any remaining balance are available for deferral
- **Manager Feedback** - Feedback from managers provides context on project priority
- **Fiscal Year 2020 Budget Spent** - Projects that have yet to spend fiscal year 2020 budget were considered higher potential for deferral

Capital Deferral FY20

Capital Project	Remaining 2020 Balance	Amount to Defer	CIP Score	Manager
CP0378 Legal Software for Electronic Document M	$35,000	$35,000	17.59	Robertson
CP0400 Guardrail Royal Street and DVD	$38,531	$38,531	18.94	Robertson, J.
CP0338 Council Chambers Advanced Technology Upg	$16,000	$16,000	19.11	Robertson
CP0292 Cemetery Improvements	$27,014	$27,014	19.28	Fisher
CP0335 Engineering Small Projects Fund	$9,570	$9,570	19.59	Robertson, J.
CP0445 Add Uphill Marsac Gate Above Chambers Av	$50,000	$50,000	19.7	Robertson, J.
CP0332 Library Technology Equipment Replacement	$98,717	$98,717	19.88	Robertson
CP0348 McPolin Barn Seismic Upgrade	$4,970	$4,970	20.28	Twombly
CP0003 Old Town Stairs	$21,276	$21,276	20.53	Twombly
CP0339 Fiber Connection to Quinn's Ice & Water	$15,777	$15,777	21.66	Robertson
CP0061 Economic Development	$66,268	$66,268	22.41	Weidenhamer
CP0361 Land Acquisition/Banking Program	$274,845	$274,845	25	Glidden
CP0432 Office 2016 Licenses	$116,488	$116,488	25.42	Robertson
CP0041 Trails Master Plan Implementation	$31,481	$31,481	25.5	Twombly
CP0020 City-wide Signs Phase I	$40,513	$40,513	25.53	Weidenhamer
CP0146 Asset Management/Replacement Program	$1,520,515	$152,051	26.53	Dayley
CP0401 Downtown Projects Plazas	$60,605	$60,605	27.53	Twombly
Total	**$2,427,570**	**$1,059,107**		

Capital Deferral FY2

Capital Project	2020 Base + Carry Forward Post 2020 Deferrals	2021 Budget	Amount to Defer	CIP Score	Manager
CP0186 Energy Efficiency Study -City Facilities	$8,206	$0	$8,206	20.53	Cartin
CP0414 Timekeeping Software Upgrade	$10,000	$0	$10,000	21.44	Robertson
CP0329 Main Street Infrastructure Asset Mgmt.	$530,503	$100,000	$499,310	21.66	Dayley
CP0385 Park Avenue Reconstruction	$2,080,000	$2,410,000	$747,100	21.78	Robertson, J.
CP0146 Asset Management/Replacement Program	$1,789,331	$552,709	$221,084	23.28	Dayley
CP0036 Traffic Calming	$84,761	$10,000	$10,000	23.53	Robertson, J.
CP0397 Vehicle and Equipment Replacement	$50,000	$0	$25,000	24.5	McAffee
CP0075 Equipment Replacement - Computer	$783,460	$320,600	$125,462	24.63	Robertson
CP0236 Triangle Property Environment Remediation	$99,779	$0	$99,779	24.96	Robertson, J.
Total	**$5,436,040**	**$3,393,309**	**$1,745,941**		

Recommended Actions

($3.8M from Capital Improvement Fund)

2. Capital – Fund Balance ($2.1M)
   - $2.1M CIP Fund Balance (Revs)
   - $2.1M (or 32%) in funding can be re-allocated back to the General Fund to bridge the funding gap
   - Budget dept estimates that the capital fund will have about $6.4M in fund balance by the end of FY21

*Impact: Less flexibility to backup capital project budgets.

Recommended Actions

($1.7M from General Fund Balance)

3. Utilize General Fund Balance (21% or $1.7M)
   – Fund balances are meant to offset declines in revenue during times of economic distress

*Impacts: Less flexibility in General Fund. City should maintain a healthy fund balance for next fiscal year due to uncertain revenue projections.

Recommended Actions

($8,577,087) – Estimated Shortfall

1. Operating Expense Reductions & Controls ($3M) – Across the board reductions incurred by each department in non-essential expenditure line items: tuition, training, conferences, supplies, equipment, materials, contract services, merit pay, overtime, hiring freeze.
2. Capital Improvement Funds – Delay, Defer, Cancel ($3.8M)
   - 1) $1.7M Delay capital project budgets
   - 2) utilize 32% or $2.1M of Capital Improvement Fund balance
1. Utilize General Fund Balance (21% or $1.7M) - Fund balances (emergency reserves) are meant to offset declines in revenue during times of economic distress and have been prudently held in abeyance for this purpose.
2. Cut Budget Materially – Not Recommended – Decrease levels of service, reduction in full-time staff
3. Spend from 5-year CIP – Not Recommended

Transportation Financial Forecast

Revenue Type	FY20 Normal Conditions (Budgeted)	FY21 Projection	$, Variance FY21	%, Variance FY21
057-31212 TRANSIT SALES TAX	$5,455,896.35	$3,382,655.74	-$2,073,240.61	-38%
057-31214 RESORT TAX TRANSPOR	$3,218,494.43	$2,059,836.43	-$1,158,657.99	-36%
057-32111 BUSINESS LICENSES	$719,565.00	$575,652.00	-$143,913.00	-20%
057-33110 FEDERAL GRANTS	$6,281,051.00	$7,500,000.00	$1,218,949.00	19%
057-34230 REGIONAL TRANSIT REVENUE	$8,500,000.00	$5,250,000.00	-$3,250,000.00	-38%
OTHER FUNDING SOURCES	$1,216,595.00	$1,087,128.74	-$129,466.26	-11%
Totals	$25,391,601.78	$19,855,272.91	**-$5,536,328.87**	-22%

Response	Amount
Service Reduction	$1,206,000
CARES Act Funding	$1,500,000
Capital Deferral/Delay	$2,700,000
Total	**$5,406,000**

Recommended Actions for FY 21

Combat shortfall:
- Reduce transit service and employees
- Delay and defer capital projects tied to sales tax
- Dip into Transportation Fund Balance
- Implement operating efficiency improvements
- Maximize federal CARES Act resources

Operating Efficiency Improvements

- PCT will analyze route alignments, route frequencies, hours of service, peak hour service, non-driving paid time, paid lunch breaks, driver scheduling, bus cleaning, clock-in and clock-out procedures, overtime and on-demand microtransit to increase efficiency.
- These efficiencies will lead to more savings

Water Fund Financial Stability

- Water fund remains financially stable even with a 10% revenue reduction in the current fiscal year and a 23% reduction in FY’s 21, 22, and 23.
- Decreasing $256k out of operating budget for FY21
- Capital budget remains consistent with 5-year capital improvement plan
- If revenue reductions are less severe, the projected FY 23 bond amount will likely be less
- Future rate increases continue to be projected at 3% per year

Expense Budget Summary

Expenditure Summary by Major Object - All Fund								
	Actuals FY 2016	Actuals FY 2017	Actuals FY 2018	Actuals FY 2019	YTD Actuals FY 2020	Original 'Budget FY 2020	Adjusted Budget FY 2020	Original Budget FY 2021
Personnel	30,515,422	33,455,040	36,532,398	39,163,872	34,038,831	41,704,450	41,585,288	39,980,160
Mat, Suppls, Services	14,821,754	15,412,531	17,825,325	26,446,247	14,763,248	21,974,936	21,974,936	20,234,163
Capital Outlay	175,024	555,730	402,605	624,691	384,904	793,483	793,483	507,725
Contingency	27,881	116,958	75,437	67,018	114,795	540,000	940,000	450,000
Operating	**45,540,080**	**49,540,260**	**54,835,765**	**66,301,827**	**49,301,778**	**65,012,870**	**65,293,707**	**61,172,048**
Capital	19,985,188	76,532,985	60,601,638	73,693,985	34,403,784	95,715,062	192,831,510	88,231,849
Debt Service	11,337,373	11,130,107	16,216,948	16,853,649	11,766,461	14,901,881	26,907,296	13,791,615
Interfund Transfer	15,431,059	39,521,611	47,750,191	79,846,401	16,312,396	20,908,976	22,438,985	21,916,053
Ending Balance	81,763,532	83,017,228	83,191,254	117,717,331		54,532,316	92,372,032	60,865,681
TOTAL	**174,057,232**	**259,742,190**	**262,595,797**	**354,413,193**	**111,784,419**	**251,071,104**	**399,843,530**	**245,977,246**

- 6.3% decrease in operating budget
- 7.8% decrease in capital budget

Emergency Contingency

Staff recommends increasing the Emergency Contingency from $90k to **$250k**, both in FY20 and FY21, in response to COVID-19. In addition to a variety of engineering, physical, and administrative safety controls, Personal Protective Equipment (PPE) is considered a last line of defense, and is a means to protect staff and the general public against further spread of the COVID-19 virus. Park City Municipal can help, using its purchasing power, local businesses and other community stakeholders.

Revenue Budget Summary

All Funds Combined

Revenue	Actual FY 2019	Actual FY 2020	Original FY 2020	Adjusted FY 2020	Original FY 2021
RESOURCES					
Property Taxes	$21,368,077	$25,291,638	$21,375,032	$25,200,250	$25,378,173
Sales Tax	$29,273,042	$19,533,608	$30,699,780	$26,991,735	$23,489,626
Franchise Tax	$3,230,881	$2,472,553	$3,262,000	$3,229,380	$3,229,380
Licenses	$1,395,163	$1,309,986	$1,147,288	$1,199,881	$979,790
Planning Building & Engineering Fees	$5,820,662	$6,107,383	$3,502,000	$5,726,174	$3,646,825
Special Event Fees	$178,413	$158,457	$264,000	$358,087	$127,595
Federal Revenue	$3,969,044	$1,411,188	$6,329,051	$6,329,317	$3,642,753
State Revenue	$518,845	$448,269	$428,000	$448,456	$501,187
County/SP District Revenue	$705,240	$3,657,397	$2,052,000	$5,281,784	$2,055,705
Water Charges for Services	$20,092,203	$16,146,643	$20,559,129	$20,587,806	$21,889,201
Regional Transit Revenue	$7,425,047	$3,835,559	$8,588,612	$8,588,612	$13,366,000
Cemetery Charges for Services	$18,816	$17,412	$138,000	$248,506	$95,465
Recreation	$3,348,293	$2,373,597	$3,669,596	$2,344,998	$2,756,197
Ice	$828,397	$612,631	$865,000	$601,431	$612,867
Other Service Revenue	$45,786	$51,397	$120,292		$151,702
Library Fines, Fees & Rent	$20,198	$13,777	$18,000	$48,535	$18,645
Fines & Forfeitures	$2,611,357	$1,949,732	$2,995,080	$2,995,080	$2,603,364
Misc (Sale of Assets, Interest, Rental Income, etc.)	$4,078,297	$7,321,397	$21,887,289	$29,096,230	$18,507,058
Interfund Transactions (Admin)	$6,821,583	$5,908,255	$7,122,975	$7,371,475	$7,371,475
Interfund Transactions (CIP/Debt)	$73,024,818	$10,404,141	$13,786,001	$14,849,971	$14,543,078
Special Revenues & Resources	$1,059,990	$417,147	$2,583,750	$2,604,524	$639,127
Bond Proceeds	$85,387,786	$100,000	$53,000,000	$115,768,465	$8,000,000
Beginning Balance	$83,191,254	$117,717,331	$46,678,090	$119,432,282	$92,372,032
TOTAL	**$354,413,190**	**$227,259,495**	**$251,070,965**	**$399,302,979**	**$245,977,245**

Fiscal Year 2021 Budget Process In Times of Uncertainty

FY 2021 Activities

FY 2021 budgeting assumes a 21% revenue shortfall using a balanced approach to fill gap

May 14, 2020

FY 2021 "provisional" budget adopted

June 18, 2020

- **Operate under Recession Plan provisions**
- **Potentially adopt amended budget after 90 days utilizing economic outlook leading into next ski season**

FY 2021 (First Quarter)

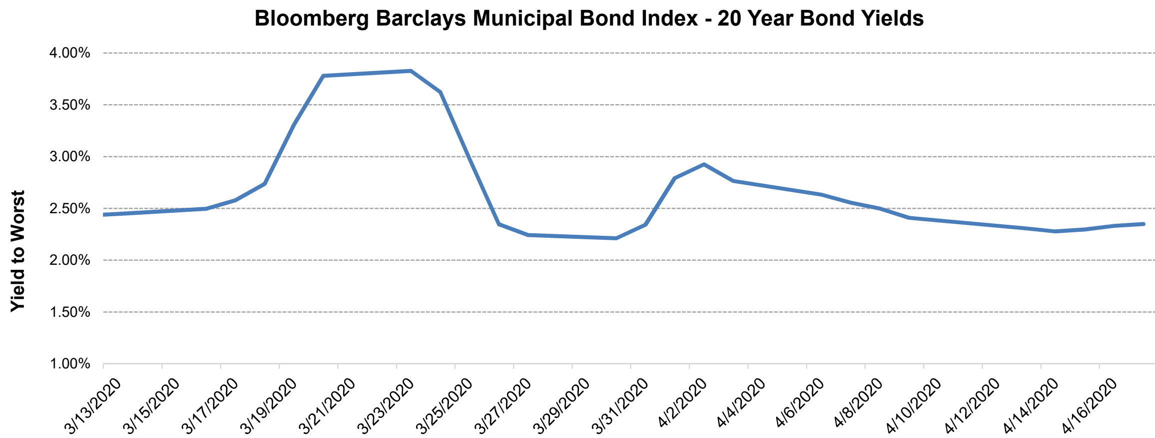
Source: Park City Municipal Corporation as of 4/20/2020.

Recommended Actions for FY 21

1. Adopt Tentative Budget on May 14 with revenue shortfall scenario of 21%
2. Adopt "provisional" FY21 Budget on June 25 for 90 days
3. Recession Plan implementation until economy improves
4. Potentially adopt amended budget after 90 days utilizing economic outlook leading into next ski season

Water Revenue Bonding Strategy

- Yields on 20-Year municipal issuances have also been falling
- With regard to the City's anticipated water revenue bond issuance, staff, along with the City's financial advisor sees it feasible to combine previously anticipated FY 2021 and FY 2022 issuance into one 2021 deal, potentially saving the City approximately ~$250k/year, which amounts to ~$5M over 20 years



Sources: Bloomberg, Barclays PLC as of 4/20/2020.