

City Manager
Matt Andrews

Assistant City Manager
Brody Flint

City Recorder
Brittany Fowers



Mayor
Robert Dandoy

Council Members
Ann Jackson
Bryon Saxton
Joe Paul
Randy Scadden
Sophie Paul

ROY CITY COUNCIL WORK SESSION AGENDA

MAY 21, 2024 – 5:30 P.M.

ROY CITY BASEMENT CONFERENCE ROOM, 5051 S 1900 W ROY, UTAH 84067

This meeting will be streamed live on the Roy City YouTube channel.

A. Welcome & Roll Call

B. Presentations

1. Proposed FY 2025 Budget

C. Adjournment

In compliance with the Americans with Disabilities Act, persons needing auxiliary communicative aids and services for these meetings should contact the Administration Department at (801) 774-1020 or by email: admin@royutah.org at least 48 hours in advance of the meeting.

Pursuant to Section 52-4-7.8 (1)(e) and (3)(B)(ii) "Electronic Meetings" of the Open and Public Meetings Law, Any Councilmember may participate in the meeting via teleconference, and such electronic means will provide the public body the ability to communicate via the teleconference.

Certificate of Posting

The undersigned, duly appointed City Recorder, does hereby certify that the above notice and agenda was posted in a public place within the Roy City limits on this 17th day of May 2024. A copy was also posted on the Roy City Website and Utah Public Notice Website on this 17th day of May 2024.

Visit the Roy City Web Site @ www.royutah.org

Roy City Council Agenda Information – (801) 774-1020

Brittany Fowers
City Recorder



Roy City Council Work Session Agenda Worksheet

Roy City Council Meeting Date: May 21, 2024

Agenda Item Number:

Subject: Roy City Cost Cutting and Revenue Development Options on the FY 2025 Budget

Prepared By: Bob Dandoy

Background: See Attachment

Discussion: See Attachment

Recommendation (Information Only or Decision):

Discussion Items that lead to formal direction in a public City Council Meeting

Contact Person / Phone Number: Dandoy

Roy City Cost Cutting and Revenue Development Options

Fiscal Year 2024 / 2025 Budget

Issue:

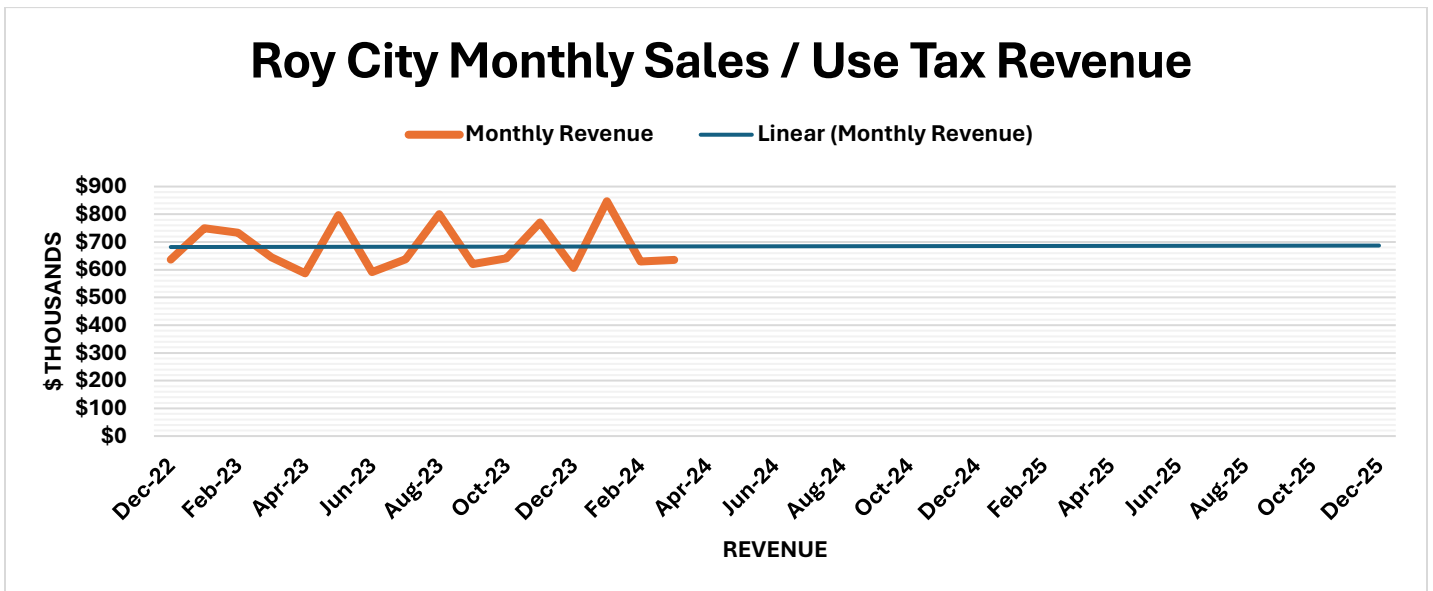
- Roy City sales / use tax revenue has stabilized over the last 14 months (see chart below). Combined with stable property tax revenue and lowering franchise tax revenue, Roy City is facing a difficult future as we continue to face increases in labor and material costs.
- Any major commercial developments / redevelopments as a source for new tax revenue are years in the future. With no major commercial development on the horizon, the city is faced with difficult choices to raise property taxes, lower spending, and/or cut services. It is expected that until sales tax revenue rebounds, the city is facing several years of property tax increase decisions.
- The only real answer is to look for non-typical ways to cut costs and develop revenue sources.

Background:

- The 2022 and 2023 Utah Taxpayers Association has ranked Roy City among the top 5 cities in managing government revenues. Specifically, this metric shows how much revenue the city collects in taxes and fees per resident in the city.

2022 - Best 5		2023 - Best 5	
Clinton	\$433.12	Clinton	\$493.24
Taylorville	\$459.30	Taylorville	\$501.25
Bountiful	\$461.24	Roy	\$520.65
Roy	\$496.61	Bountiful	\$533.48
Centerville	\$97.45	Santaquin	\$548.31

- The Sales / Use Tax information below provides detailed information that has been shared with the City Council and Senior Staff repeatably over the last couple years. Up until December 2022, Roy City was experiencing modest growth in monthly sales tax revenues. Up until December 2022 these revenue increases have been effective in countering the ongoing increases in labor and material costs.



Roy City Month by Month Actual Sales / Use Tax Revenue

Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21
\$501,408	\$612,359	\$555,225	\$516,624	\$668,209	\$471,370	\$583,285	\$687,771	\$492,933	\$503,634	\$699,805	\$617,428
July 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22
\$595,922	\$781,103	\$569,735	\$675,960	\$674,265	\$539,434	\$664,802	\$800,235	\$584,104	\$591,801	\$772,335	\$723,595
Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23
\$567,926	\$809,162	\$607,209	\$735,260	\$715,269	\$635,794	\$750,444	\$733,383	\$645,002	\$586,697	\$796,741	\$591,203
Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24
\$638,002	\$800,459	\$619,713	\$641,171	\$770,202	\$606,662	\$846,532	\$630,030	\$634,546			
Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25
Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25						

- The property tax chart below provides a reference point for any discussion.

2023 Property Tax Rates / City / Ranked High to Low

Rank	City	Rate	Rank	City	Rate	Rank	City	Rate
1	South Ogden	.002506	6	Riverdale	.001463	11	Hooper	.000288
2	Ogden	.002239	7	North Ogden	.001198	12	Uintah	.000287
3	Wash. Terrace	.001802	8	Pleasant View	.000786	13	Plain City	.000245
4	Roy	.001551	9	Huntsville	.000686	14	West Haven	.000000
5	Harrisville	.001500	10	Far West	.000354	15	Marriot Slaterville	.000000

- Since 2016, the City Council has voted to establish deputy positions in the Public Works, Parks & Recreation Departments, and assistant City Manager.

Roy City Full-Time Employee Position – Total 165

Police	48	Fire	44
Public Works *	35	Parks & Recreation *	13
Management Services	13	Legislative **	3
Legal	3	Development Services	5

* Departments that have deputy positions.

** Deputy City Manager

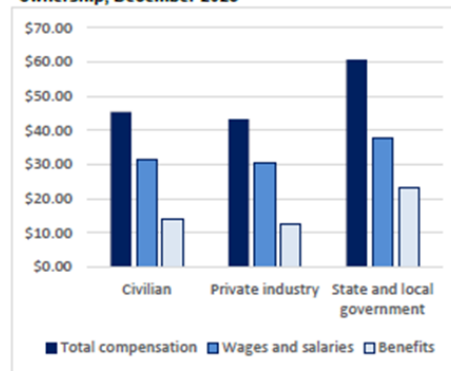
- Employee labor and benefit costs have continually been the highest expense in the General Fund. For this FY2024 / 2025 Budget it represents 62.61% of the budget with a total of \$17,801,233. Retention of skilled employees is critical for the City to provide the required government services. The challenge with all local governments is the ability to retain employees given the increasing competition between governments. This government-competing-with-government is driving higher wages resulting in difficult situations in trying to manage revenue sources. This situation could be reflected in the recent US Labor report outlined below.

US Labor Department Report on EMPLOYER COSTS FOR EMPLOYEE COMPENSATION – DECEMBER 2023 (Source NEWS Release – Bureau of Labor Statistics – US Department of Labor - For release 10:00 a.m. (ET) Wednesday, March 13, 2024)

- Employer costs for employee compensation for civilian workers averaged \$45.42 per hour worked in December 2023, the U.S. Bureau of Labor Statistics reported today. Wages and salaries averaged \$31.29, while benefit costs averaged \$14.13.
- Total employer compensation costs for private industry workers averaged \$43.11 per hour worked in December 2023. Wages and salaries averaged \$30.33 per hour worked and accounted for 70.4 percent of employer costs, while benefit costs averaged \$12.77 per hour worked and accounted for the remaining 29.6 percent.

- Total employer compensation costs for state and local government workers averaged \$60.56 per hour worked in December 2023. Wages and salaries averaged \$37.53 and accounted for 62.0 percent of employer costs, while benefit costs averaged \$23.03 and accounted for 38.0 percent.

Chart 1. Employer costs per employee hour worked by ownership, December 2023



Discussion:

- As stated, there are three major General Fund revenue sources that Roy City uses to provide government services to the residents and business owners. They include Sales /Use Tax, Property Tax, and Franchise Tax. Since Sales / Use Tax is our largest revenue sources and operates under the 50 / 50 rule (point of sale / population), the recent loss of residents and businesses along the UDOT 5600 South widening projects will have an impact. The UDOT plan to widen 3500 West in 2026 / 2027 will also have an impact on sales tax revenues once businesses and residential units are purchased by UDOT.
- There is no indication Roy City will see any substantial revenue increases for the next three years. There is no solid development / redevelopment underway in our downtown area, only ongoing discussions. Any major development will take at least 2 years before Roy City would begin to see revenue benefits. However, personnel costs (employee Merit Performance, Cost of Living Allowance (COLA), and Benefits) will continue at 3 to 7 percent each year driving up expenses. This means to just stay even with employee labor and benefit increases each year, the city must generate \$1M in new revenue.
- The challenge we face going forward is how do we retain our skilled workforce; how do pay for sustainment and improvement projects; and how do we plan for growth. We must increase our population numbers, increase our sales tax revenues, and cut costs. Easier said than done!
- This paper offers a few short and long-term recommended options that could be considered to help mitigate the loss of revenue. These will be controversial, but they are meant to be discussion ideas.

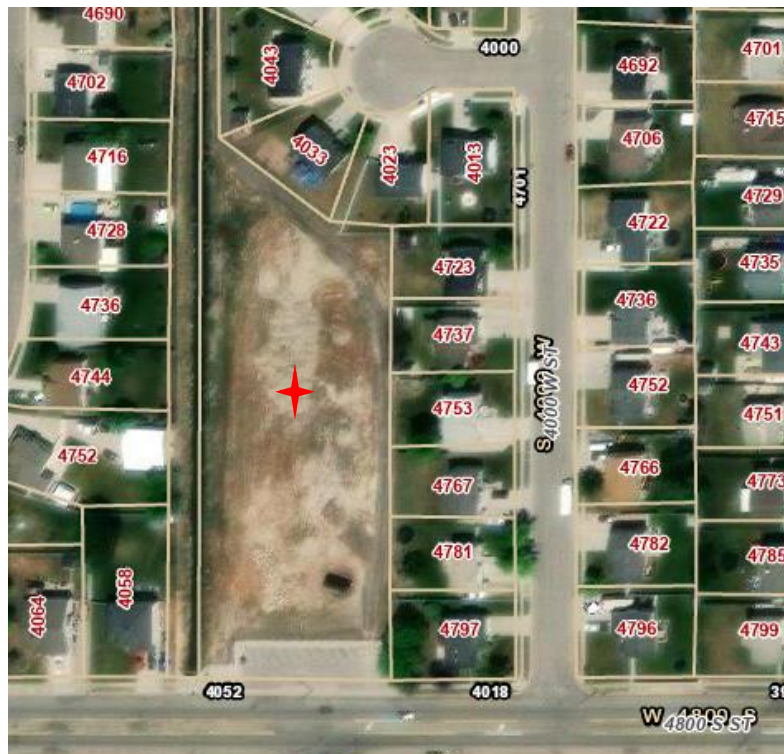
SHORT- TERM OPTIONS

- Since 2016, the city has established deputy positions that have increased the city's overall salary and benefit expenses by an additional \$400,000. Prior to 2016, the city was successful in managing operations with just the department heads and a city manager. Certainly, the deputy positions are providing value, but with funding shortfalls, each organization with a vacant deputy position should take a pause in hiring the replacement until more stable revenue streams are established.
 - **Recommendation:** Place a hold on filling all vacant deputy department head positions until the economy increases the sale tax revenues. Don't abolish the position, just don't fill the vacancy. Start with the current vacant Deputy Public Works Director position.
- The current Parks and Recreation Department has a total of 13 full-time employees. Once the Complex facility is complete, 4 will be located there to manage the Complex and Aquatic Centers. The other 9 will be in the current 14,000 square foot facility located at 4800 South. There is more office space than needed.

- Roy City owns 1.6 acres of Front Runner Station property that has been set aside for a future water tank (see below). It is unclear why another water tank is needed when one is located within a few feet of this property. Roy City is required to purchase water from the Weber Basin Water District and only on rare occasions is water pulled from our 4 existing deep wells, like the one at this location. Under the existing agreement, all excess Roy City water is purchased from West Haven. Placing a water tank at this train station location does not fit the setting envisioned in the approved Station Area Plan.
 - **Recommendation:** Since the property at the train station is zoned for townhomes, Roy City needs to develop this property for its intended purpose and to generate needed revenue.



- Roy City owns vacant property along 4800 South. This property is often used for storage. It is unclear why this property has not been developed for residential housing.
 - **Recommendation:** Roy City needs to lease this land for development to generate the needed revenue.



- With the anticipated widening of Midland Drive in the next 3 years from three lanes to five, there will be several residential units impacted. Long term planning within the area outlined below should consider extending commercial development opportunities, particularly with its location from the proposed new Wal Mart in West Haven. The Future Land Use Map shows parts of this property as a major commercial area with a park. Removing the proposed park area will enhance and extend the commercial development opportunities.
 - **Recommendation:** Direct the Planning Commission to assess the property outlined below and determine if the Future Land Use Map should be adjusted by removing the proposed park area. Send a recommendation to the Council.

