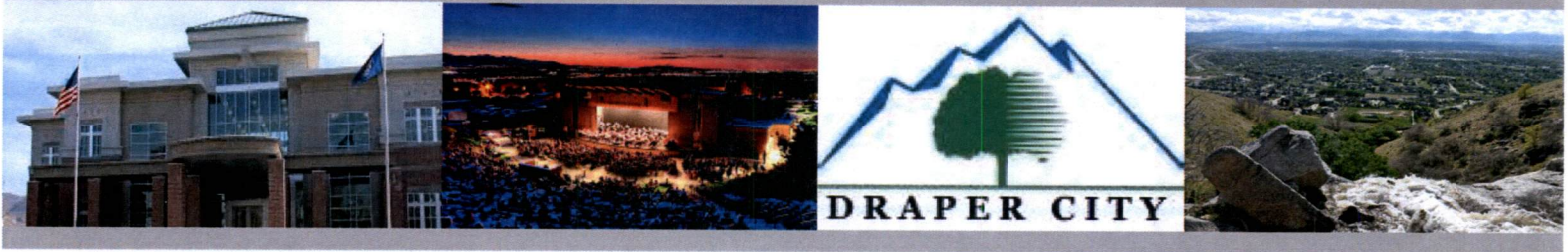


TRAVERSE RIDGE SPECIAL SERVICE DISTRICT BUDGET ALLOCATION ANALYSIS

DRAPER CITY, UTAH



December 2014


**LEWIS YOUNG
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BASE SERVICE COST ANALYSIS

Lewis Young Robertson & Burningham, Inc. (LYRB) was retained by Draper City (the City) to analyze the cost of base services provided to the Traverse Ridge Special Service District (TRSSD) specifically related to street repair and maintenance, snow plowing, and lighting repair and maintenance. This report provides a recommended cost allocation methodology which is simple and straight forward, which will be easy to update annually, and will also ensure that citizens living in the TRSSD are not being double charged for services.

BASE ASSUMPTIONS

The following chart details the base data assumptions used in the analysis. Actual expenditures from FY 2013-2014 are also used and are clearly identified later in the analysis.

	City Proper (w/o TRSSD)	TRSSD	Draper City (Including TRSSD)
Road Miles (Draper City Maintained)	159	20	178
Lane Miles (Draper City Maintained)	364	46	410
Street Lights (Draper City Maintained)	1,242	114	1,356

MEETINGS WITH STAKEHOLDERS

LYRB met with representatives of the SunCrest Owner's Association Board (SunCrest OA) and the Traverse Ridge Special Services Coalition (TRSSC). These meetings were instrumental in gathering background data and gaining insight into the issues of concern. Both groups were interested in gaining a more open, transparent, and easy to understand cost methodology for the TRSSD. They both commented on their appreciation of the high quality snow removal services provided by the City, but would like to better understand and account for the base level of service paid for by the base property tax rate. The fundamental and primary concern presented by the various stakeholders was the concern for potential double-taxation. All residents within the TRSSD pay the City's general property tax rate and in addition to the general tax rate those who reside within TRSSD pay an additional property tax unique and specific to certain services received from the City, which are in excess to the level of services provided in other locations within the City (City Proper).

STREET LIGHT MAINTENANCE METRIC

The City provides base street light maintenance services and the TRSSD provides any necessary incremental or disproportionate services above that base level. If the street lights had equivalent spacing in the City Proper and the TRSSD, the most logical metric would be cost per street light. Instead, the City Proper has about 3.42 lights per lane mile while the TRSSD has only 2.48 lights per lane mile. Thus, a more accurate metric which compensates for the fewer lights in the TRSSD would be cost per lane mile. This allows for the TRSSD to choose to have fewer lights, but still receive a value equivalent to what the City spends for street light maintenance in the rest of the City. For this reason, cost per lane mile is the metric used in this analysis.

IMPACT FEES

The City charges and collects a transportation impact fee. Impact fees may only be used to finance the cost of new growth development on system infrastructure and cannot be used for repair and maintenance of existing infrastructure. Since the TRSSD function is "repairing and maintaining roads" (see Draper City Resolution 99-82), which cannot be done with impact fees, no impact fee revenues will be shared with the TRSSD. Instead, the City will retain the responsibility for building new road infrastructure or expanding existing infrastructure to meet the needs of new growth.

BASE COST ANALYSIS

The chart below details the cost analysis for base level street light maintenance and road maintenance services. The methodology starts with the cost of services from the City's Streets, B&C Road, and Capital Improvement Project (CIP) budgets for FY 2013-2014. Those costs are divided by the 364 lane miles that are served with the listed



expenditures, to get the unit cost. The unit cost is then multiplied by 46 TRSSD lane miles to achieve the total base service cost for the TRSSD area.

LYRB recommends the City run a new cost analysis each year after actual expenses are available. For FY 2013-2014, the City spent approximately \$3,224 per lane mile to provide base services. This equates to \$148,088 for base services in the TRSSD area.

	Budget Actual FY 13-14	Unit Cost	Unit	Total Base Service For TRSSD Area
Streets Personnel				
Salaries & Wages	\$210,033	\$513	Lane Miles	\$23,556
On Call	\$25,220	\$62	Lane Miles	\$2,828
Seasonal		\$0	Lane Miles	\$0
Overtime	\$37,872	\$92	Lane Miles	\$4,247
Benefits	\$144,183	\$352	Lane Miles	\$16,170
Subtotal	\$417,307	\$1,019	Lane Miles	\$46,802
Streets Operations				
Office Supplies	\$385	\$1	Lane Miles	\$43
Printing	\$0	\$0	Lane Miles	\$0
Materials & Supplies	\$68,382	\$167	Lane Miles	\$7,669
Property Damage Repair	\$19,156	\$47	Lane Miles	\$2,148
Uniforms	\$1,982	\$5	Lane Miles	\$222
Snow Removal	\$19,299	\$47	Lane Miles	\$2,164
Salt	\$155,946	\$381	Lane Miles	\$17,490
Street Repairs	\$0	\$0	Lane Miles	\$0
Road Striping	\$37,712	\$92	Lane Miles	\$4,230
Street Light Maintenance	\$16,432	\$40	Lane Miles	\$1,843
Street Light Installation	\$0	\$0	Lane Miles	\$0
Street Light Activation	\$243	\$1	Lane Miles	\$27
Street Light Repairs		\$0	Lane Miles	\$0
Publications & Dues	\$131	\$0	Lane Miles	\$15
Service Agreements	\$4,168	\$10	Lane Miles	\$467
Professional & Technical Svcs	\$0	\$0	Lane Miles	\$0
Training	\$2,873	\$7	Lane Miles	\$322
Communications	\$2,210	\$5	Lane Miles	\$248
Fleet Gas & Maintenance	\$97,621	\$238	Lane Miles	\$10,949
Subtotal Operations	\$426,543	\$1,041	Lane Miles	\$47,838
Streets Capital Outlay (Ongoing)				
Capital Equipment	\$0	\$0	Lane Miles	\$0
Subtotal Capital (Ongoing)	\$0	\$0	Lane Miles	\$0
Streets Capital Outlay (One-Time)				
Capital Equipment	\$15,829	\$39	Lane Miles	\$1,775
Subtotal Capital (One-Time)	\$15,829	\$39	Lane Miles	\$1,775



	Budget Actual FY 13-14	Unit Cost	Unit	Total Base Service For TRSSD Area
B&C Expenditures				
Salaries & Wages	\$53,437	\$130	Lane Miles	\$5,993
Seasonal Wages	\$4,203	\$10	Lane Miles	\$471
Benefits	\$33,347	\$81	Lane Miles	\$3,740
Materials & Supplies	\$0	\$0	Lane Miles	\$0
Uniforms	\$124	\$0	Lane Miles	\$14
Telephone	\$112	\$0	Lane Miles	\$13
Overlays	\$315,006	\$769	Lane Miles	\$35,329
Slurry Seal & Microsurface	\$583	\$1	Lane Miles	\$65
Crack Seal Maintenance	\$0	\$0	Lane Miles	\$0
Road Striping	\$0	\$0	Lane Miles	\$0
CIP - 13476 South Improvements	\$5,805	\$14		\$651
Subtotal B&C	\$412,617	\$1,007	Lane Miles	\$46,276
CIP Fund GF Road Maintenance Projects				
CIP - Suncrest Dr/Traverse Ridge	\$44,119	\$108		\$4,948
CIP - 300 E & Pioneer Rd Intersection	\$4,000	\$10		\$449
Subtotal CIP Fund	\$48,119	\$117	Lane Miles	\$5,397
Total	\$1,320,414	\$3,224		\$148,088

ITEMS EXCLUDED FROM ANALYSIS AND REASONING FOR EXCLUSION

Only line items that relate to the services the TRSSD is allowed to supplement where included in the analysis. Costs associated with services that are solely provided by Draper City and do not have disproportionate levels provided by the TRSSD were excluded from the base cost analysis. The chart below describes the items that were excluded and provided a reason for the exclusion.

	Budget Actual FY 13-14	Reason for Exclusion
Administrative Fee		Each legal entity is responsible for its own administration. Draper City may charge an admin fee for TRSSD use of City management and resources.
Public Notices	\$35	Each legal entity is responsible for its own legal noticing.
Traffic Signal Maintenance	\$41,645	Draper City provides all traffic signal maintenance within the City.
Signage & Barricades	\$31,432	Draper City provides all traffic sign maintenance within the City.
New Sidewalk Construction	\$0	Draper City provides all sidewalk construction.
Sidewalks	\$7,787	Draper City provides all sidewalk maintenance.
Street Light Electricity	\$189,559	Draper City provides all street light electricity.



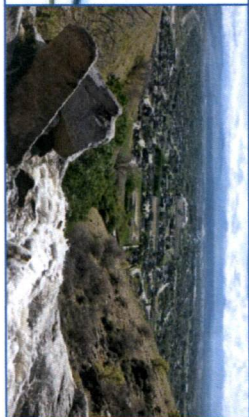
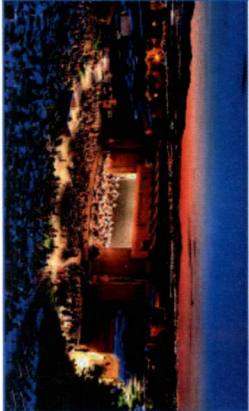
	Budget Actual FY 13-14	Reason for Exclusion
Claims & Insurance	\$0	Each legal entity is responsible for its own insurance.
Utilities		Each legal entity is responsible for its own building utilities.
2012B Sales Tax Refunding Bond		Not Included because the road was new construction. But, future road maintenance/repair bonds should be included.
Traffic Calming (B&C)	\$17,030	Draper City provides all traffic calming within the City.
Sidewalk Maintenance (B&C)	\$19,081	Draper City provides all sidewalk construction.
ADA Ramps, Signs & Striping (B&C)	\$0	Draper City provides all maintenance of ADA Ramps and signs.
CIP Projects Related to New Construction, Widening, or Sidewalks are not Included		Draper City provides new road construction, road widening, and sidewalk construction/maintenance.
Total	\$306,568	

FUTURE COST OF SERVICE CALCULATIONS

In the future, the base cost of service should be calculated by adding all of the City's expenditures for street lighting and road maintenance which are for the same services the TRSSD is responsible to provide (*i.e. excluding any street light electricity, new road construction, road widening, etc.*). If the TRSSD contracts with the City to provide additional services which are above the base service amount, then the dollar value of the contract should be subtracted from the City's total cost to provide services. This will remove any incremental/disproportionate costs and provide the approximate value of base services. This number should then be divided by the total lane miles of the area served (*i.e. the entire City, including the TRSSD, if the TRSSD contracts with the City; or the City, not including the TRSSD, if the TRSSD uses another service provider*). This cost per lane mile figure should then be multiplied by the total number of lane miles within the TRSSD, not including any private roads or other roads maintained by another jurisdiction (*i.e. State or County roads*). The resulting number represents the total equivalent cost to provide base services to the TRSSD area. The chart below summarizes the calculation described above.

Base Service Cost Calculation





DRAPER CITY, UTAH

TRAVERSE RIDGE SPECIAL SERVICE DISTRICT (TRSSD) BUDGET ALLOCATION ANALYSIS

DECEMBER 2014

BASE SERVICE COST METHODOLOGY

$$\text{City Expenditures} / \text{Lane Miles Served} * \\ \text{Lane Miles in TRSSD} \\ = \text{Base Service Cost}$$

STREET LIGHT MAINTENANCE

- **The most logical metric would be cost per street light, but the TRSSD has fewer lights (more spread out) than the rest of the City.**
- **To compensate, using street light maintenance cost per lane mile will provide a more accurate metric which compensates for the fewer lights in the TRSSD.**

TRANSPORTATION IMPACT FEES

- The City collects a Transportation Impact Fee. Impact Fees may not be used to finance repair or maintenance of existing infrastructure.
- The TRSSD function is “repairing and maintaining roads” (see Draper City Resolution 99-82).
- Thus, the TRSSD would not have any impact fee-qualified expenses and no impact fees will be transferred to the TRSSD.
- The City will retain all responsibility for building new road infrastructure or expanding existing infrastructure to meet the needs of new growth.



BASE COST ANALYSIS

	Budget Actual FY 13-14	Unit Cost	Unit	Total Base Service For TRSSD Area
Streets Personnel	\$417,307	\$1,019	Lane Miles	\$46,802
Streets Operations	\$426,543	\$1,041	Lane Miles	\$47,838
Streets Capital (Ongoing)	\$0	\$0	Lane Miles	\$0
Streets Capital Outlay (One-Time)	\$15,829	\$39	Lane Miles	\$1,775
B&C Expenditures	\$412,617	\$1,007	Lane Miles	\$46,276
CIP Fund GF Road Maintenance Projects	\$48,119	\$117	Lane Miles	\$5,397
Total	\$1,320,414	\$3,224		\$148,088

Each year the City should remove line items which relate to services not provided by the TRSSD (traffic signal maintenance, sidewalk construction and maintenance, street light electricity, etc.) or to capital improvement projects for new growth (not maintenance or repair).