UNIFIED FIRE SERVICE AREA
FINANCE COMMITTEE AGENDA

July 26, 2023, 8:30 a.m.

NOTICE IS HEREBY GIVEN THAT THE UNIFIED FIRE SERVICE AREA FINANCE COMMITTEE SHALL ASSEMBLE FOR A MEETING AT 3380 South 900 West, Salt Lake City, UT 84119

THE PUBLIC MAY ATTEND PHYSICALLY OR ELECTRONICALLY VIA ZOOM WEBINAR:
https://us06web.zoom.us/j/91681046879?pwd=MEtoVmtwRG95ZFYrV0J3TUZtZUNBdz09
Meeting ID: 916 8104 6879
Password: 8675309

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1. Call to Order – Chair Hull

2. Public Comments
   Please limit comments to three minutes each
   There are three options for comments during this meeting:
   a. In-Person.
   b. Live during the Webinar by logging in as described above. If you wish to make a comment, select the "Raise Hand" button at the bottom of the screen. You will then be added to the queue and invited to speak.
   c. EMAIL: Public comments will be accepted prior to the meeting via email at publiccomment@unifiedfire.org until 7:00 a.m. July 25, 2023. Emailed comments submitted prior to 7:00 a.m. July 25, 2023, will be read or summarized into the record, comments received after the deadline will be forwarded to the UFSA Finance Committee, but not read into the meeting record or addressed during the meeting.

3. Minutes Approval - Chair Hull
   A. June 14, 2023

4. Discussion on the 2024 Budget - CFO Hill/DA Anderson

5. Possible Closed Session
   The UFSA Finance Committee may consider a motion to enter into Closed Session. A closed meeting described under Utah Code Section 52-4-205 may be held for specific purposes including, but not limited to:
   a. discussion of the character, professional competence, or physical or mental health of an individual;
   b. strategy sessions to discuss pending or reasonably imminent litigation;
   c. strategy sessions to discuss the purchase, exchange, or lease of real property;
   d. discussion regarding deployment of security personnel, devices, or systems; and
   e. investigative proceedings regarding allegations of criminal misconduct.
   A closed meeting may also be held for attorney-client matters that are privileged pursuant to Utah Code § 78B-1-137, and for other lawful purposes that satisfy the pertinent requirements of the Utah Open and Public Meetings Act.

Re-Opening the Meeting

6. Adjournment – Chair Hull

THE PUBLIC IS INVITED TO PARTICIPATE IN ALL UFSA MEETINGS.

In accordance with the Americans with Disabilities Act, UFSA will make reasonable accommodation for participation in the meetings. Please call the clerk at least three working days prior to the meeting at 801-743-7213. Motions relating to any of the foregoing, including final action, may be taken at the meeting. This meeting will also be held electronically to allow members of the UFSA Finance Committee to participate. This agenda is subject to change with a minimum 24-hour notice.

CERTIFICATE OF POSTING

The undersigned, does hereby certify that the above agenda notice was posted on this 25th Day of July, 2023 on the UFSA bulletin boards, the UFSA website www.unifiedfireservicearea.org , posted on the Utah State Public Notice website http://www.utah.gov/pmn/index.html and was emailed to at least one newspaper of general circulation with the jurisdiction of the public body.

Cyndee Young, UFSA Board Clerk

UNIFIED FIRE SERVICE AREA
FINANCE COMMITTEE MEETING MINUTES

June 14, 2023
Meeting held both electronically via Zoom Webinar/UFA Headquarters

Committee Members Present:
Council Member Hull
Mayor Stevenson
Mayor Overson

Committee Members Absent:
Mayor Silvestrini
Council Member Bailey

Staff Present:
CFO Hill
Cyndee Young
District Administrator Anderson

Staff Absent:
Chief Burchett
AC Pilgrim

Guests:
AC Dern
AC Robinson
OC Russell
Aaron Whitehead
Calogero Ricotta
Kimberly Ruesch, Eagle Mtn.
Kylie Day
Lana Burningham
Courtney Samuel
DC Ayres
DC Widdison
Debbie Cigarroa
Erica Langenfass
Marcus Arbuckle, Auditor
Mayor Westmoreland
Shelli Fowlks
FM Larson
Kate Turnbaugh
Kelly Bird

Meeting called to order by Chair Hull at 12:06 p.m.

<u>Public Comments</u>
None
Public comment was made available live and with a posted email address

<u>Minutes Approval</u>
Mayor Overson moved to approve the minutes from the March 20, 2023 Finance Committee Meeting as submitted
Mayor Stevenson seconded the motion
All voted in favor, none opposed

<u>Review/Approval of the 2022 Annual Financial Report and Audit</u> – CFO Hill

- CFO Hill noted that the General Fund is structurally balanced for 2022 and UFSA was able to add monies into unassigned fund balance.
- CFO Hill reminded the Committee that the minimum reserve is 15%, there is now 27% fund balance.
- Included in the report, there is a new schedule due to receiving the Seismic Grant.
  - With this grant, a threshold was reached which requires auditing spending of these federal funds.
- Marcus Arbuckle from CPA Firm Keddington & Christensen provided an overview of the financial position of the UFSA.
  - The independent auditor report gave a clean/unmodified opinion.
  - As mentioned by CFO Hill, an audit to ensure the federal funds were spent appropriately was completed, and this too had no findings, all spending was proper and correct.
  - Internal controls were also audited related to the financial reporting process.
    - No opinion is given for this audit, but the controls were reviewed.
    - Recommendations would be provided if the auditor noticed if any changes were needed, but adequate controls are in place.
  - State compliance was reviewed.
    - All entities are required to have this testing done.
    - Budgetary compliance, fraud risk, board member requirements, open meeting requirements and more are reviewed.
    - There were no findings here as well.
- Mr. Arbuckle stated that there was no difficulty performing the audit and everything, as well as all backups were in order.

Mayor Stevenson moved to approve the 2022 Annual Financial Report and Audit as Submitted.
Mayor Overson seconded the motion.
All voted in favor, none opposed.

<u>2024 Budget Calendar Discussion</u> – CFO Hill

- In preparation for the 2024 budget process, the calendar was reviewed.
- The Finance Committee approved the calendar which will now go before the UFSA Board.
- Mayor Overson noted that elections may fall on the same date as the UFSA Board Meeting, November 21.
- DA Anderson mentioned that the state auditor is implementing some changes for taxing entities.
  - The ask is that entities have a page on their webpage that describes how taxes are used and if seeking an increase, explaining the need.
  - DA Anderson asked that all Committee Members review the page on the UFSA website that has been created.
  - Click Here to View UFSA Website
- DA Anderson also noted that with the property tax notices this year, there will be a link to the websites for each entities receiving tax monies.
- Chair Hull asked that the information be clear for residents, possibly just bullet points for easy reference.
- No further conversation.
- The calendar will now go before the UFSA Board for approval.

<u>SLCo Canyon Contribution Update</u> – DA Anderson

- DA Anderson informed the Committee that the contribution has been extended to 12/31/24.
- Brighton was not removed from the defined recreation area as of yet, but this may change.
- The mayors office and some SLCo council members feel that the obligation or ability to contribute is tied to the responsibility to unincorporated municipalities.
- Despite the fact that legislation was changed to allow for SLCo to continue contributions, SLCo views this differently.
- UFSA has been informed by the Mayor and council that if Brighton would contribute more and/or reduce boundaries, they would be comfortable continuing funding.
- SLCo is also considering pursuing legislation that would allow SLCo to access other funding that would also make sense to contribute.
- There is a huge push from SLCo for Brighton to contribute more and feel they should tap into revenue sources they have.
- DA Anderson is concerned with the stance of asking member cities to contribute more, currently all contribute equally.
- Also clarified is that the canyon contribution goes directly to UFA and is then distributed between all UFA members to reduce the member fees for all.
- DA Anderson noted that Chief Burchett has discussed using calculations based on how the services in the canyons are provided, but this needs further research.
- The final two options are less desirable:
  - If funding is lost, UFSA would need to absorb the costs throughout the service area.
  - Reduce services.
- DA Anderson stated that while the monies are sent to UFA, it effects UFSA most.
- CFO Hill stated that this will need to be discussed by both UFA and UFSA Boards.
  - UFSA is filling the gap in the shortfall not covered by canyon funding.
  - These decisions will affect everyone, that is why Chief Burchett routinely discusses the issue in UFA meetings as well.
- Council Member Hull asked as to the canyons on the westside of the valley.
  - CFO Hill explained that yes, other canyons have been discussed.
- DA Anderson asked that if there are any sticking points discussed by the municipalities, please let her know.

<u>Closed Session</u>

- None

<u>Adjournment</u>

Mayor Overson moved to adjourn the June 14, 2023 UFSA Finance Committee Meeting
Mayor Stevenson seconded the motion
All voted in favor, none opposed

Unified Fire Service Area

TO: UFSA Finance Committee (Board of Trustees)
FROM: Rachel Anderson, Administrator & Tony Hill, CFO
SUBJECT: 2024 Budget
DATE: July 26, 2023

As part of the 2024 budget process, the structural balance of the General Fund will need to be addressed. The 2023 budget has a $6,013,825 appropriation of fund balance, which is not sustainable to meet the required 15% minimum fund balance reserve.
As a reminder, the last UFSA tax increases were done in 2018 and 2008. With the addition of the $37,000,000 fire station construction bond in 2021, a tax increase was anticipated for 2023. New growth and property value increases delayed the anticipated tax increase.
Below are the issues this committee and ultimately the full Board will need to address during the 2024 budget process. With no change in expenditures the estimated needed property tax increase for 2024 is 5,695,000 which equates to an estimated 15.5% increase on the average residential parcel in the service area. Staff will need basic direction by the August board meeting so we can start meeting statutory notification deadlines to residents.

2024 Expenditures

Before property taxes are increased, government entities have the fiduciary responsibility to take a hard look at expenditures and see if any efficiencies can be found. Below, UFSA's 2023 budget is divided into five categories for review:

- UFA Member Fee (77.84%)
    - UFA member fee $47,182,800 (77.84%)
        - This cost is affected by market factors as well as by decisions made at the UFA Board level. The current UFA budget is in place until June 2024, and decisions made for the FY 24/25 process on compensation (COLA, top 3 market) and other UFA expenditures will impact UFSA's structural balance. Additionally, UFA and UFSA have been pursuing the goal of eventually staffing all stations with 4 firefighters, which also affects the individual member fee.

- Fixed or Contract Costs (17.09%)
    - Lease payments $4,960,875 (8.18%)
    - Tax Payments to RDA/CDA $4,250,000 (7.01%)
    - Sandy Contract $1,036,960 (1.71%)
    - Herriman/Riverton $101,773 (0.17%)
    - Outside Auditor $10,000 (0.02%)

- TRAN Issuance Costs (1.15%)
  - TRAN issuance costs $697,254 (1.15%)
    - This amount will fluctuate each year.

- Capital Maintenance (2.74%)
  - 2023 Projects $863,435 (1.42%)
  - Seismic Grant Projects $800,094 (1.32%)
    - The seismic project will be concluded or be minimal in 2024. 75% of these costs are covered by grant revenue.

- Administrative (1.18%)
  - Admin costs $717,301 (1.18%)
    - UFA admin fee for finance/facilities/clerk, administrator, legal, UASD membership

The board can certainly try to reduce capital maintenance and administrative costs but any real impact to the budget will need to come from the member fees paid to UFA.

Fund Balance Impact

The 2023 budget has a $6.0M draw of fund balance. Using a 5.0% UFA member fee increase as a placeholder, the chart below show the projected ending fund balance through 2025. Currently, the ending fund balance percentage for 2023 is still above the 15% Board approved minimum. This is not the case beginning in 2024.

UNIFIED FIRE SERVICE AREA	ENDING FUND BALANCE	FUND BALANCE %
2021 ACTUAL	$14,308,692	29.0%
2022 ACTUAL	$14,749,419	27.7%
2023 BUDGET	$9,170,208	16.8%
2024 PROJECTION	$2,938,790	5.3%
2025 PROJECTION	-$4,574,220	-8.0%

Future Budget Needs

The funding shortage above does not include any possible future budget needs. A plan on if and when these stations are staffed or built needs to be part of the discussion so the property taxes can be sized appropriately. The cost to add a station with four firefighters is currently $2,952,814 or about an additional 7% to the tax increase. For a station with three firefighters, the current cost is $2,509,363 or about an additional 6% to the tax increase. To add the fourth firefighter the current additional cost is $443,451 or about 1.0% to the tax increase.

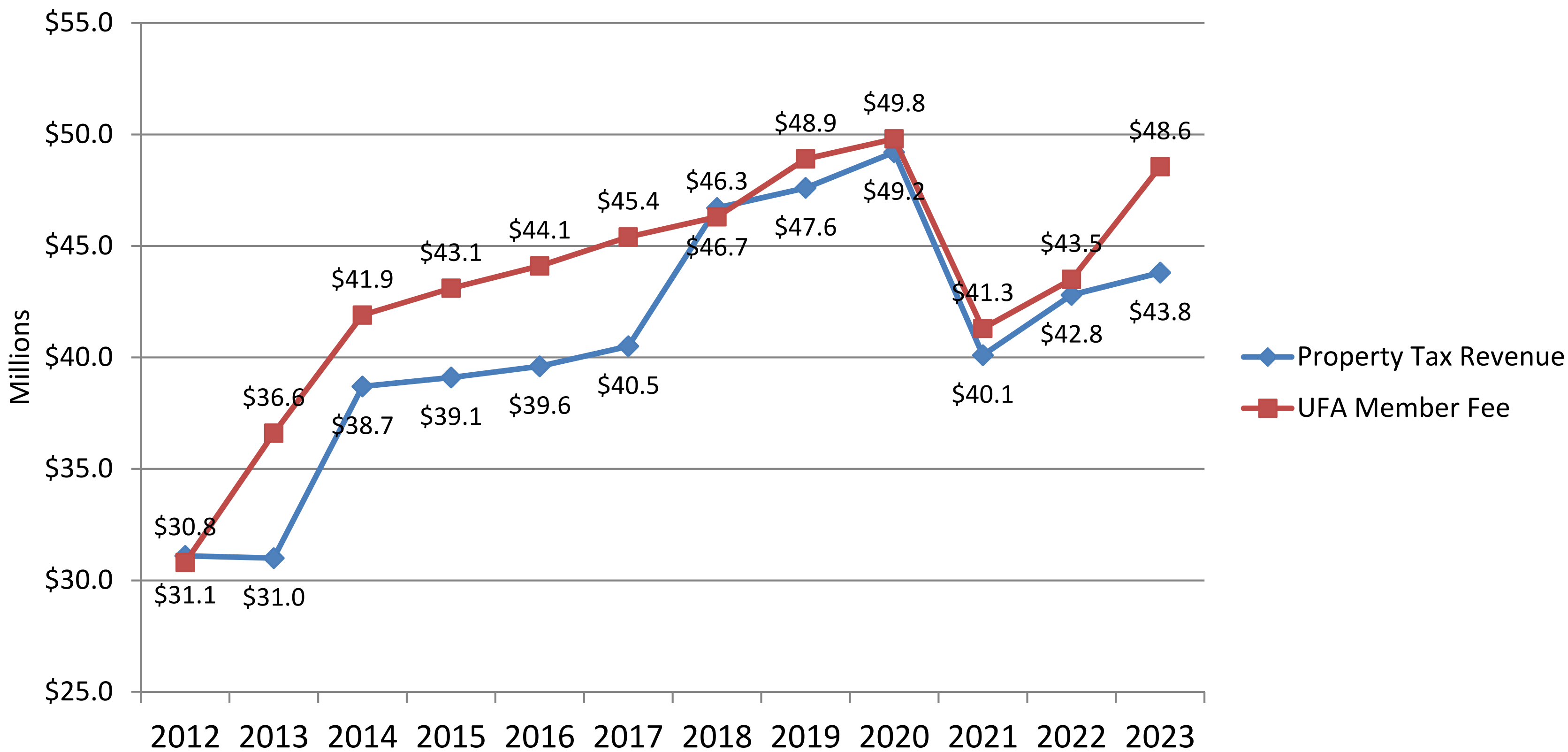
- Staffing
    - 253 (Eagle Mountain) Staffing: Plan to open new station with an ambulance crew
    - 107 (Kearns) Staffing
    - 4-Handed crews at stations 115 (Copperton) and 119 (Emigration Canyon)
- Station 112 rebuild

2024 Budget Discussion

Identify the priorities for the 2024 budget. Any identified expenditure reduction? What level of property tax increase (if any)? Does the committee want to hold an additional meeting or discuss this further at the regularly scheduled August board meeting?

UNIFIED FIRE SERVICE AREA	Actual		Actual		Budget		Projection		Projection
LONG RANGE PLAN	2021	%	2022	%	2023	%	2024	%	2025
BEGINNING FUND BALANCE	**12,622,454**	**13.36%**	**14,308,692**	**3.08%**	**14,749,419**	**-37.83%**	**9,170,208**	**-67.95%**	**2,938,790**
PRINCIPAL PAYMENTS RECEIVED FROM RELATED PARTY	121,416	4.07%	126,363	4.07%	131,512	4.07%	136,870	4.07%	142,446
TRANSFER TO/FROM CAPITAL PROJECTS FUND	732,691								
UNRESTRICTED FUND BALANCE:	**13,476,561**	**7.11%**	**14,435,055**	**3.09%**	**14,880,931**	**-37.46%**	**9,307,078**	**-66.89%**	**3,081,236**
PROPERTY TAXES	40,632,114	6.38%	43,223,225	1.36%	43,810,910	2.50%	44,906,183	2.50%	46,028,837
PROPERTY TAXES - PASS THRU	2,248,519	43.29%	3,221,975	33.56%	4,303,241	10.00%	4,733,565	10.00%	5,206,922
JUDGEMENT LEVY	51,474	24.36%	64,015	245.27%	221,021	-75.00%	55,255	0.00%	55,255
PROPERTY TAXES - DELINQUENT	904,136	-9.94%	814,253	1.32%	825,000	3.00%	849,750	3.00%	875,243
FEE-IN-LIEU	2,232,805	-5.15%	2,117,760	3.88%	2,200,000	2.50%	2,255,000	2.50%	2,311,375
IMPACT FEES	2,150,204	-41.20%	1,264,248	2.83%	1,300,000	3.00%	1,339,000	3.00%	1,379,170
INTEREST INCOME	106,272	80.99%	192,341	185.95%	550,000	3.00%	566,500	3.00%	583,495
INTERGOVERNMENTAL REVENUE	759,111	29.48%	982,874	-22.51%	761,615	0.17%	762,941	0.06%	763,382
GRANT REVENUE	172,908	644.17%	1,286,728	-53.36%	600,070	-100.00%	0	-100.00%	0
MISCELLANEOUS REVENUE	13,034	41.96%	18,503	88.13%	34,810	-40.00%	20,886	0.00%	20,886
CURRENT REVENUE:	**49,270,578**	**7.95%**	**53,185,922**	**2.67%**	**54,606,667**	**1.62%**	**55,489,080**	**3.13%**	**57,224,565**
UFA CONTRACT FEES	41,312,116	5.34%	43,518,810	8.42%	47,182,800	5.00%	49,541,940	5.00%	52,019,037
SANDY CONTRACT	945,556	5.11%	993,917	4.33%	1,036,960	4.50%	1,083,623	4.50%	1,132,386
TAX PAYMENTS TO RDA/CDA	2,248,519	41.78%	3,188,017	33.31%	4,250,000	10.00%	4,675,000	10.00%	5,142,500
ADMINISTRATIVE/OPERATIONS	661,832	1.95%	674,769	11.49%	752,301	3.00%	774,870	3.00%	798,116
FUND BALANCE DISTRIBUTION TO HERRIMAN/RIVERTON	101,773	0.00%	101,773	0.00%	101,773	0.00%	101,773	0.00%	101,773
DEBT SERVICE PAYMENT (2016 BOND)	2,576,173	0.04%	2,577,123	0.32%	2,585,250	0.17%	2,589,750	0.06%	2,591,250
DEBT SERVICE PAYMENT (2021 BOND)	0				2,375,625	0.34%	2,383,625	0.39%	2,393,000
CAPITAL MAINTENANCE/OUTLAY	193,794	-32.48%	130,848	559.88%	863,435	-60.00%	345,374	3.00%	355,735
CAPITAL MAINTENANCE - SEISMIC RETROFIT	358,060	339.63%	1,574,149	-49.17%	800,094				
INTEREST EXPENSE	40,625	176.07%	112,153	499.41%	672,254	0.00%	672,254	0.00%	672,254
TOTAL BUDGET:	**48,438,447**	**9.15%**	**52,871,558**	**14.66%**	**60,620,492**	**2.55%**	**62,168,210**	**4.89%**	**65,206,051**
RESERVE (MINIMUM) 15% OF CURRENT REVENUE	7,390,587		7,977,888		8,191,000		8,323,362		8,583,685
ENDING SURPLUS (PROBLEM):	**6,918,105**		**6,771,531**		**676,106**		**-5,695,413**		**-13,483,935**
TOTAL BUDGETED FUND BALANCE:	**14,308,692**		**14,749,419**		**8,867,106**		**2,627,949**		**-4,900,251**
PROJECTED UNDER EXPEND/OVER REVENUE	0	0.00%	0	0.50%	303,102	0.50%	310,841	0.50%	326,030
PROJECTED UNASSIGNED FUND BALANCE	**14,308,692**		**14,749,419**		**9,170,208**		**2,938,790**		**-4,574,220**
	29.0%		27.7%		16.8%		5.3%		-8.0%

Property Tax Revenue vs UFA Member Fee



Cost per Average Tax Payer

	Market Value	Taxable Value	2023 Tax Rate	2023 Property Tax	2024 Tax Rate	2024 Property Tax	Change	
Residential	$562,000	$309,100	0.001339	$413.88	0.001546	$477.87	$63.98	**15.5% Increase**
Commercial	$562,000	$562,000	0.001339	$752.52	0.001546	$868.85	$116.33	
Residential	$562,000	$309,100	0.001339	$413.88	0.001500	$463.65	$49.77	**12% Increase**
Commercial	$562,000	$562,000	0.001339	$752.52	0.001500	$843.00	$90.48	
Residential	$562,000	$309,100	0.001339	$413.88	0.001459	$450.98	$37.09	**9% Increase**
Commercial	$562,000	$562,000	0.001339	$752.52	0.001459	$819.96	$67.44	

UNIFIED FIRE SERVICE AREA
BUDGET CALENDAR AND PROCESS - 2024 BUDGET

AUG 2023	Initial Finance Committee meeting to discuss priorities and direction (need to schedule)
SEP 2023	Work with County Treasurer on parcel specific notices
SEP 2023	Follow-up Finance Committee meeting (need to schedule)
SEP 2023	Start public education and outreach
SEP 2023	Notify County of date, time, and place of public hearing where budget will be discussed
OCT 2023	At monthly board meeting, state intent to increase property taxes, dollar amount of increase, purpose of increase, and approximate percentage increase (if needed)
NOV 2023	Visit each city, township, and town council meeting to provide overview of 2024 budget process and plan (if needed)
NOV 2023	Begin public notice process - 2 notices (if needed)
NOV 2023	Tentative Budget approved at board meeting
DEC 2023	Truth in Taxation Public Hearing (if needed, may be combined with budget adoption public hearing)
DEC 2023	Public Hearing and Final Budget approved at board meeting