



TAX FUNDING DISCUSSION



FEES

- 2019 - City starts effort to have formulas for all fees
- 2020 - Auditor alert - Reasonable Fee Test (higher education audit)
Amount must bear a reasonable relationship to service, benefits received or need.
- 2021 - Council adopts a recovery rate for every fee.



POLICY

Procedure: As part of the budget process or when reviewing and approving the consolidated fee schedule, the City Council shall determine the preferred recovery rate for fees based upon the ranges set forth below:

- | | | |
|----------------------|---------|--|
| • Full Recovery | 85-100% | Large commercial utility fee |
| • High Cost Recovery | 70-90% | Rent civic center after hours (non/comm) |
| • Mid-level Recovery | 30-70% | Replace a lost library card |
| • Low Cost Recovery | 1-30% | Youth Court appearance fee |
| • No Cost Recovery | 0% | Make public comment at City Council |

Cost recovery should include the direct and indirect costs of providing the service.



POLICY

In determining the recovery rate, the City Council should weigh the following factors:

Factors to Consider:

1. **Community versus individual (or group) benefit.** Taxes are most appropriate for services received by the entire community while user fees are more appropriate for services that are a benefit to an individual or group.
 2. **City policies and objectives.** Policies and goals designed to impact the long-term quality of life of the community may impact desired fee levels.
- Building permit fee
 - Recreational basketball fee for teens



ENTERPRISE FUNDS

An enterprise fund identifies the total direct and indirect costs to provide the service and the sources and amounts of revenues that support the service for which a fee is charged in exchange for service.

Power

Water

Secondary Water

Waste Water

Storm Water

Solid Waste

Recycling

Golf



REVENUE SOURCES - STREETS

		<u>Annual Revenue</u>
General Fund	(Varies)	\$1,500,000
'C' Road Fund		\$1,500,000
Transportation Sales Tax		\$1,000,000
New Transportation Sales Tax	(Estimated)	<u>\$ 500,000</u>
Total Revenue		\$4,500,000

Transportation Utility Fee





OTHER APPROACHES

Spanish Fork	-	In Storm Drain, \$500,000 General Fund Support
Orem	-	Road Fund, Transportation Sales Tax Fund \$1.975M in General Fund (13FTE) + Traffic/Signs
Lehi	-	Class “C” Roads fund for CIP. \$2.4M for personnel GF
Mapleton	-	C Road & TUF pay CIP. GF supports \$570k in Eees.
Provo	-	\$2.6M in GF. C Road & TUF pay CIP.

Didn't find 100% Enterprise Fund in Utah

Failed state bill wanted cities to maintain GF investment in roads.



QUESTION

How much should the General Fund support Streets?

- What data do you need to make a decision?
- Do we fund at 100% of Service Level?-CAUTION
- What is the right Service Level? - Presentation to come on this.



GENERAL FUND TAX SUPPORT FOR PLANNING

- Fee recovery for Community Development is almost all FULL recovery
- Long-range planning is a significant component of Community Development work (e.g. General Plan)
- Current planning varies with demand
- Economic Development is part of this division
- Should a portion of Planning be supported with General Fund tax dollars?