



To: Mayor and Town Council Members

From: Mark C. Meyers, Town Manager

Date: April 30, 2026

Subject: Proposed Fiscal Year 2027 Operating Budget

## **INTRODUCTION**

I am pleased to present the proposed Fiscal Year 2027 Budget for the Town of Virgin.

As the new town manager, it's been a learning experience. Not only learning about the town's operations, resources, and needs, but also how the State of Utah funds its local units of government as I've come from out of state. I'm used to property taxes providing about 50% of general fund revenue. In Utah, property taxes provide far less. In our case, just 7%. On the plus side, Utah has a number of local option taxes. In fact, without them, the Town wouldn't be able to function and provide services. Sales & use tax, transient room tax, and resort tax are the top revenue generators ahead of property taxes. These sources are what will sustain services. And continued economic growth, in a managed way, will be necessary.

Also, on the expense side, my budgeting style is zero-based versus incremental. What I mean by that is expenditure estimates are based on the cost of providing services from the ground up and not simply by apply an "inflation factor." This approach is more accurate. I also empowered the employees by engaging them in the budget building process. They provided requests through forms. This not only makes for an accurate budget but also one in which they take ownership. Then through the year they know what appropriations are included and what are not. They can better monitor budget performance.

## **Revenues**

The good news is that revenues, particularly the three highlighted above, are increasing year-over-year. The not so good news is that they are not growing fast enough to keep up with the increasing cost of providing services. Therefore, I will be proposing increases in the resort tax which I will elaborate on later in this message.

## **Expenditures**

Three general government expenditures that are increasing include the second bond payment for the new town hall, the town manager position and enhanced contract for the planner/zoning administrator. Most other expenditures are status quo. Expenditures that are decreasing include engineering services and contract labor related to one-time studies and plans as well as construction of the East water tank. Related to this is a lag in grant revenue whereby the Town

will incur the expense in the current fiscal year and not be reimbursed for the cost until next fiscal year.

## **SERVICE AREA HIGHLIGHTS**

### **Town Manager**

Since joining the Town, I have been getting a lay of the land. Getting to know elected and appointed officials, staff members, residents, landowners, business owners, and developers. I've reviewed past plans, current ordinances, policies, and procedures. I've developed a list of nearly 50 "To Dos." In the short term I've implemented some management best practices related to manager-council communication, manager-staff communication, council agenda preparation and presentation and budget preparation. Going forward, I'll add higher level, long-term planning initiatives like developing a strategic plan, mission/vision/values, financial plan, placemaking, branding and wayfinding.

### **Community Development**

In addition to being the town manager I also serve as the town's first Community Development Director. In fact, I may be spending more of my time on community and economic development issues than I am on general management issues. But I'm not complaining! I've served in this role previously and enjoy the work. I've stated before that Virgin is a town of 700 going on 7,000. The level of emerging economic activity is challenging the Town's capacity to provide timely service to property owners, businesses, and developers.

### **Planning & Zoning**

There are more than a dozen pending land use and related ordinances and amendments. Some of these preceded me. It became clear to me early on that the Town needed to improve its capacity in the planning and zoning administration areas. I am grateful for Town Council's support in adjusting our contracted planner's agreement to include him serving two days in the office and doubling as the zoning administrator. This will help us get the new ordinances adopted and implemented. It's important to have the new standards in place so property owners and developers know what they can and cannot do with their properties. And we need to provide more timely approvals.

### **Economic Development**

Several projects from private utility providers are in the works to support development in the town. These include SC Broadband bringing fiber optic internet service. This will increase connection speed and provide greater reliability than the historic over-the-air service that the community has had to rely on. Rocky Mountain Power is constructing a new electric substation which will provide much needed capacity for new homes and businesses. Plus, it will provide more reliability for existing customers. Ash Creek Special Service District is planning to construct a new private sewer through town, initially intended to serve business users. Sanitary sewer has been a limiting factor for growth. This new sewer is a step in the right direction to address that issue. Lastly, construction of the Town's third will increase culinary water capacity and system reliability. This will be the third tank in Town's system. And it will include a new telemetry monitoring system wide.

New construction for the current fiscal year has been strong. Construction value totals \$10.5 million year-to-date. Recently opened businesses include Zion's Vacation Village, ExtraMile/Chevron and Beyond Food Mart/Sunoco. Virgin Goods Café will open soon, and Unplugged resort has been approved. New home starts are steady at nine and there are four short-term rentals being constructed. This new construction will provide enhanced services, jobs, and additional revenue.

Looking ahead, home starts are planned in the Sierra Bella community, and the Pala Zion short-term rental plat has been recorded. Recent indications are that the developer will break ground in the near future.

### **Public Works**

Much is happening around public works, particularly planning for the future. The Town's consulting engineering firm, Sunrise Engineering, is conducting several studies including a groundwater study, storm water plan, and asset management plan. These plans will inform policy decisions moving forward.

#### **Roads**

The Town has limited resources to address street maintenance. However, top priorities in the capital improvement plan, repaving 150 W and 100 W, are proposed in the budget. Additionally, crack sealing for Rio de Sion and seal coating for Sierra Bella communities is proposed. Accumulated Class C Road funds will be used for these projects. A mid-year budget adjustment was made to complete 150 W and 100 W this fiscal year. However, we don't have enough time to get them done by June 30, so the projects are being carried over to FY 2027. The adjustment was \$700,000 but we have received more accurate estimates for the projects and, fortunately, the appropriation is reduced to \$415,000.

In addition, although not appropriated in the proposed budget, staff are reviewing criteria for use of road impact fees to fund future road improvements.

#### **Water**

With the bond and grant for the East Water Tank project coming in greater than the bid cost, the Town should have additional funds for other water-related improvements. Staff will work this fiscal year toward identifying priority projects which may include replacing water main as well as looping water main.

#### **Parks**

The Parks, Recreation, Open Space and Trails (PROST) plan has been an on-going process this fiscal year. The plan will identify park system needs. Initially these include the addition of two pocket parks as well as enhancements to existing parks. While the proposed FY 2027 budget does not include appropriations for capital improvements, this coming year will be used as a time to identify new park projects and related grant funding opportunities to be included in the following year's budget.

Also, the Town Council is aware the recent grant to assist in providing electric hook-up and replaced lighting at the BMX track could not be completed this year. Therefore, staff are applying for a new grant to cover these items.

Lastly, staff are also looking at preserving the cemetery by applying for a historic preservation grant. The project, estimated at \$8,325, includes a GPR survey of cemetery land, recording of unmarked graves, digital mapping and annotation of headstone inscriptions and plot boundaries, GIS mapping, and summary report of findings. The local match would be \$3,330. An appropriation for the project is not included in the proposed budget, but should the grant be awarded we would pick it up during mid-year budget adjustments.

### **Public Safety**

The Town contracts with Washington County Sheriff's Department to provide law enforcement services. A new substation has been created in the new town hall which will enhance service for residents and businesses and help promote a closer, more connected relationship between Town and Sheriff's staff.

Hurricane Valley Fire District provides emergency services to the town. This fiscal year the Town acquired property to accommodate a future new station. This strategic move will serve the Town well when a station is built, providing quicker response times to fires, medical emergencies and natural disasters.

This fiscal year two of the Town's emergency management plans were updated. Also, a grant to provide two automatic electric defibrators (AEDs) for town hall was awarded. The proposed fiscal year 2027 budget includes additional equipment necessary to address future disasters.

Lastly, staff are working on a grant application to fund an emergency generator for the new town hall. It is not included in the budget, but should a grant be awarded it would be addressed during mid-year budget adjustments.

### **CAPITAL EQUIPMENT**

While staff capacity has been improved in recent years, employees need tools to do their jobs proficiently and provide good service. The proposed FY 2027 budget addresses equipment needs as follows:

#### Roads

- Skid Steer Gutter Broom \$3,000
- Skid Steer Box Grader \$3,000
- Safety Light Bar for Pickup Truck \$3,000

- Skid Steer Forks \$1,000
- PC and Printer \$1,500

#### Water

- Shut-off Tool \$ 400
- Safety Light Bar \$3,000
- GPS Mapping Tool \$ 740
- Metal Detector \$1,175
- Hydrant Nozzle Removal Tool \$ 250

#### Parks

- Aerator \$7,500
- Leaf Mulcher \$ 800
- Chainsaw \$ 750
- Level Drag \$ 150
- Pole Saw \$ 800
- Backpack Blower \$ 750
- Weed Eater Combo \$ 470
- iPad \$ 800

#### Emergency Management

- Walkie Talkies (12) \$ 480
- Radios Charger \$ 430
- CERT Bags (15) \$ 750
- First Aid Kit \$ 400
- Laptop Computer \$1,500

#### General Government

- Security Cameras – New Town Hall \$13,950

## FINAL NOTES - MOVING FORWARD

The proposed fiscal year 2027 budget is balanced by using \$315,029 in general fund unassigned fund balance. When including the utility fund, the overall difference between revenues and expenditures narrows to \$116,820. This is not sustainable long-term, and we will need to enhance revenues while also fostering additional growth and development. Specifically, I'm proposing that the Town Council increase the resort tax by .10 percent. We currently levy 1% and can levy the additional .10th by resolution. It will produce \$30,000, which is included in the proposed budget. Further, I am proposing that we hold an election to add an additional .50 percent to the resort tax. This will provide approximately \$150,000 annually. The election would be held in November, therefore, if approved by the voters, it would take effect January 1<sup>st</sup>, 2027, adding about \$75,000 in new revenue in FY 2027. This amount is *not* included in the resort tax revenue estimate.

The future is bright for Virgin Town! Through managed growth the necessary resources will come, allowing for improved essential service delivery and a higher quality of life for residents, businesses, and visitors. We should focus on building up the fund balance for unforeseen expenses and put priority on maintaining what we have. These goals and objectives may be explored through strategic planning, which will be my next priority after the budget is adopted.

In closing, I would like to thank Mayor Krause, Treasurer Becky Galvez, Accountant Candus Tibbitts and our employees who helped build this budget.

I look forward to reviewing the proposed Fiscal Year 2027 Budget with the Town Council during a special May 6, 2026, work meeting. In the meantime, please contact me with any questions or comments that you may have.