

March 27, 2017

Jacob Zonts
65 East 1100 North
Pleasant Grove, UT 84062

Dear Mr. Zonts:

In regards to your “Application for a Local Initiative” filed on March 1, 2017 as prescribed by U.C.A. 20A-7-502.5 “Initial Fiscal Impact Estimate – Preparation of Estimate” I submit the following:

I received the Application for a Local Initiative from the City Recorder on March 3, 2017. Pursuant to my duties under Utah Code Ann. §20A-7-502.5, I submit the following, unbiased, good-faith estimate of the fiscal impact the proposed Initiative would have on the finances of Pleasant Grove City if approved by the voters and adopted by the City Council in its current form.

It is my unbiased, good-faith estimate that the fiscal impact of the ordinance proposed by the Initiative will be as follows:

1. The specific language of the ordinance would require a transfer of two million, six hundred, and twenty five thousand dollars (\$2,625,000.00) from the general fund of the city’s budget to a new special fund created to supplement road repair and maintenance costs. The current city council has already committed to place \$325,000.00 of general fund monies towards road repair and maintenance, leaving a deficit of \$2,300,000.00. Therefore, the fiscal impact of the proposed law is to transfer two million, three hundred thousand dollars (2,300,000.00) from the general fund to the special road maintenance and repair fund.
 - a. This approach to funding road repair and maintenance could result in the loss or extreme reduction of various municipal services currently provided to the citizens of Pleasant Grove. If \$2.3 million dollars must be transferred from the general fund budget there would be insufficient funds to continue operating at the current level of service. Below is a list of services and/or facilities that could be eliminated or severely curtailed:
 - i. **Public Library:** The facility could be completely shut down. There would not be funding available to provide books; children, teen or adult reading programs; literacy center services; or public computers. If funding were not available for the library service it would include a

loss of three (3) full time jobs and twenty nine and a half (29.5) part time jobs. Fiscal impact to general fund budget \$577,450.00.

- ii. **Parks:** All public parks in the city could be closed; all outdoor recreation programs could be eliminated; snow shoveling of all public facility sidewalks could be eliminated and no flowers or trees would be planted to retain current landscaping levels on public properties; snow shoveling for public sidewalks could be eliminated. A loss of seven and one half (7.5) full time employees and seventeen (17) part time jobs would be realized if this service was no longer funded. Fiscal impact to general fund budget \$817,238.00.
- iii. **Swimming Pool:** The public outdoor swimming pool facility could be closed. This would result in the loss of a one half FTE (.5) and one hundred and twenty eight (128) part time jobs. Fiscal impact \$227,108.00.
- iv. **Senior Citizens Center:** The Jacobs Senior Center could be closed. This would result in the loss of five (5) part time jobs. \$47,320.00.
- v. **City Celebrations and Programs:** The Miss Pleasant Grove Pageant; certain Strawberry Days events; city firework display; Heritage Days; Beautification Commission; Arbor Day; and Youth Court program could all be eliminated. Fiscal impact \$57,500.00.
- vi. **Cultural Arts Programs:** Center Stage Youth Theater; PG Players; Children's Choir; and the Orchestra could all be eliminated. Fiscal impact \$22,612.00.
- vii. **Custodial Services:** Custodial services would be eliminated on all public buildings and facilities. This would result in the loss of one and a half full time (1.5) and seven (7) part time jobs. Fiscal impact \$210,794.00.
- viii. **Christmas Lights:** eliminate the display of all holiday lighting, including Christmas lights on city property. Fiscal impact \$5,000.00.
- ix. **Economic Development:** Withdrawal of support and membership from the Pleasant Grove/Lindon Chamber of Commerce and all other economic development programs. Fiscal impact \$54,864.00.
- x. **Employee Support Services and Memberships and Training:** Employee Assistance Program; tuition reimbursement; Customer Service training program; professional memberships in Utah League of Cities and Towns; Mountain Land Association of Governments; Utah City Managers Association; Government Finance Officers Association; and Human Resource Specialist Association would be eliminated. Fiscal impact \$82,000.00.

2. The proposed law would not directly increase or decrease current tax levels. At present no alternative source of funding has been identified to cover the costs

estimated in paragraph 1, above, should the proposed law become effective. There are no current plans to increase taxes. However, in the interest of transparency, it is important to note that the city council could make up the \$2.3 million dollar loss to the general fund budget to restore all or portions of the impacted services by implementing a property tax. **It is estimated that the property tax would have to be increased by approximately \$17.82 per month for residential property and \$32.40 per month for commercial property based upon a \$250,000.00 average value.**

3. The proposed law would not directly result in the issuance or change in the status of bonds, notes, or other debt instruments. It should be noted that the City does have bonds and other financial obligations that are currently being paid primarily with certain dedicated funds, however in the event that those funds are no longer available, the general fund monies of the City budget have been pledged as a secondary source of financing the debt service. These bonds and notes include: Grove Development bond, 2012 sales tax revenue bond and other notes payable. This proposed ordinance could negatively impact the city's ability to pay these debts if there are insufficient funds in the general fund due to the mandatory transfer in the event the primary debt service funds are not sufficient.
4. All estimated costs associated with the proposed law would come from the General Fund budget of the City.
5. There appears to be no estimated costs or cost savings to state or local government entities under the proposed law.
6. The proposed law's legal impact on:
 - a. Vested property rights – none
 - b. Significant effect on other laws or ordinances – the proposed ordinance states that the \$2.625 million dollars would be a mandatory transfer each budget year while the ordinance is in effect. This appears to violate the state law that prohibits binding future legislative bodies regarding discretionary budget funds. Subsequent councils could still amend or repeal the ordinance if necessary, however, public response such as a Referendum for any such actions could effectively prohibit those actions from taking effect within the relevant fiscal budget year(s).
 - c. Any significant legal liability the city, county, or town may incur – the city has not had adequate time to fully research what, if any, potential legal liability the city may incur if this proposed law is passed. Some areas of concern that have been identified are: (1) the continuing liability for unmaintained public properties even if they were no longer be operational; (2) contractual obligations that may delay or prevent cutting the funding source; (3) the city may be legally required to provide some of the eliminated

services even though there is no funding available for staff to perform the service.

- d. Any other significant legal impact as determined by the budget officer and the legal counsel – we have not had sufficient time to determine whether any other significant legal impact may be a consideration.
7. The estimated costs for printing and including this Initiative in a voter information pamphlet is approximately \$3,125.00.

Accordingly, as the Finance Officer for Pleasant Grove City, I estimate that this proposed Ordinance would result in the loss of \$2.3 million dollars in the city's general fund and create insufficient funds to continue operating at the current level of service. The services and facilities that have currently been identified as likely being eliminated or significantly curtailed include, but are not limited to: Library; Parks; Swimming Pool; Senior Citizens Center; City Celebrations and Programs; Cultural Arts Programs; Custodial Services; Christmas Lights; Economic Development activities; and employee support services, memberships and training.

Sincerely,

Denise Roy
Finance Director
Pleasant Grove City