FINANCIAL IMPACTS ANALYSIS
WITHDRAWAL FROM THE SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA

MILLCREEK, UTAH

SEPTEMBER 2017

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SECTION I: EXECUTIVE SUMMARY

Millcreek City ("the City") retained Lewis Young Robertson and Burningham, Inc. ("LYRB") to complete a financial impact analysis of the potential withdrawal from the Salt Lake Valley Law Enforcement Service Area ("SLVLESA"). The SLVLESA is a special taxing district that provides a funding mechanism role but does not serve as a provider of law enforcement services. SLVLESA forwards revenue received through taxes to the Unified Police Department ("UPD"), which provides law enforcement services to the unincorporated County and member cities. The UPD is responsible for all police operations. The City originally commissioned LYRB to complete the following tasks:

1. Study the financial implications of staying within the SLVLESA or withdrawing from the SLVLESA.
2. Analyze the allocation and potential methodology for determining the appropriate fund balance from the SLVLESA that would be available to the City in Fiscal Year (FY) 2018.
3. Identify the tax rate needed to fund the scenario in which the City will contract for services directly with UPD and calculate the impact on residential and commercial properties within the City.
4. Evaluate the effect of centrally assessed property within the SLVLESA and if this taxable base should be a strong determinant in the decision to withdraw from the SLVLESA.

Additionally, LYRB was tasked with evaluating potential options to finance the withdrawal from the SLVLESA.

FINANCIAL IMPLICATIONS

The findings of the financial impacts analysis are focused on the following options: 1) Stay within the SLVLESA; or, 2) withdraw from the SLVLESA.

- **Option 1: (Remain in SLVLESA)** If the City were to remain with the SLVLESA, property within the City would be subject to the 2017 tax year certified tax rate for the SLVLESA, calculated at **.002031.**
- **Option 2: (Withdraw from SLVLESA)** This scenario assumes the City will withdraw from the SLVLESA and contract for services with UPD. UPD estimated the total contract cost for the City would be **$9,746,524**. In addition to the contract cost, the City will likely have to issue tax anticipation notes (TANs) to pay the contract obligation, resulting in a total cost to the City of **$9,902,951**, which includes cost of issuance and interest expenses.

ALLOCATION OF FUND BALANCE

Based on the City's proportion of base valuation and revenue generation, estimated at **40.7 percent**, the allocation of the 2016 fund balance would be **$1,821,263**. It is important to note, that this is only an estimate and has not been approved or reviewed by the UPD Board. Any allocation methodology would have to be approved by the UPD Board.

Alternative methodologies may result in a higher fund balance allocation. For example, should historic taxable value data become available, it could show a higher proportionate taxable value for the City relative to the other members of SLVLESA. This could occur if Millcreek has not experienced as much new growth as other communities recently, resulting in a decreasing proportional value of revenue generation, arriving at the 40.7 percent of total as described above. Therefore, an average of the last few years of data would produce a higher percentage than the current distribution. Additional methodologies could be explored as the fund balance allocation is finalized.

TAX RATE ANALYSIS

If the City were to remain with the SLVLESA, property within the City would be subject to the 2017 tax year certified tax rate for the SLVLESA as calculated at **.002031**. Applying this tax levy to the City's 2017 proposed tax rate value, as well as applying the additional fee-in-lieu revenues, the total revenue generated by the City is estimated at **$9,760,435**.

TABLE 1.1: ESTIMATE OF TAX IMPACT

MARKET VALUE	TAXABLE VALUE	ANNUAL IMPACT	MONTHLY IMPACT
Residential			
$100,000	$55,000	$1.71	$0.14
$200,000	$110,000	$3.41	$0.28
$300,000	$165,000	$5.12	$0.43
Average Sale Price (2017)			
$415,000	$228,250	$7.08	$0.59
Average Assessed Value			
$239,753	$131,864	$4.09	$0.34
Commercial Value			
$100,000	$100,000	$3.10	$0.26

If the City were to withdraw from the SLVLESA, they would incur a total cost of **$9,902,951**, with the net impact to the City equal to a cost of **$142,515** ($9,760,435 - $9,902,151 = ($142,515)). The City would need a **.000031** increase to the base levy of .002031, or a 1.5 percent increase. The estimated increase of .000031 will result in a $4.09 annual tax increase ($0.34 monthly increase) for a $239,753 home, with an estimated $3.10 annual increase per $100,000 commercial valuation ($0.26 monthly increase).

The City may be able to reduce the proposed contract price from UPD by an amount equal to any financing costs, since SLVLESA will not have to issue TANs for Millcreek. This could reduce the impact of financing costs resulting in a reduced impact to Millcreek residents.

EFFECT OF CENTRALLY ASSESSED PROPERTY

Recent changes in Utah Code regarding the treatment of centrally assessed property will mitigate the negative impact of decreases in centrally assessed property. In Tax Year 2017, the City's centrally assessed property accounted for **2.4 percent** of the SLVLESA centrally assessed property. It is important to note that while the City has limited exposure to fluctuations in centrally assessed property, by leaving the SLVLESA the City will not receive any benefit from increases in centrally assessed property that may occur within the remaining SLVLESA area. Historic taxable value data shows a decline in centrally assessed property from 2011 through 2017, while overall taxable value has increased, resulting in a sharper decline in the overall percentage of centrally assessed property relative to total taxable value within SLVLESA. Thus, the risk of not benefiting from any increases in centrally assessed property may be marginal.

OPTIONS FOR FINANCING THE CITY'S WITHDRAWAL FROM THE SLVLESA

The initial difficulty in withdrawing from the SLVLESA and contracting directly with UPD for law enforcement services is complicated by the fact that the City, by State statute, operates on a fiscal year that begins on July 1st and ends on the subsequent June 30th. In contrast, the SLVLESA, as a component unit of Salt Lake County, operates on a calendar-year basis (January 1st – December 31st). This disparity in fiscal years causes a discrepancy to exist between the fiscal year in which the City will receive property tax revenues and the fiscal year in which the SLVLESA bills and collects property taxes in order to pay UPD for services provided.

LYRB has identified the following four options for the City to consider in addressing this problem, which are discussed further in **Section VI**.

- Option 1: Issuance of Tax anticipation Notes by the city.
- Option 2: issuance by the SLVLESA of Tax anticipation notes on behalf of the City.
- Option 3: legislative change to allow issuance of tax anticipation notes maturing in succeeding fiscal years.
- Option 4: creation by the City of a taxing entity with a fiscal year matching that of the SLVLESA.

SECTION II: **FINANCIAL IMPLICATIONS**

The financial impacts analysis is based on two options: 1) Stay within the SLVLESA; or, 2) withdraw from the SLVLESA.

OPTION 1: REMAIN WITHIN THE SLVLESA

If the City were to remain within the SLVLESA, property within the City would be subject to the proposed tax rates adopted by the SLVLESA. The 2017 tax year certified tax rate for the SLVLESA is calculated at .002031. Based on the City's 2017 proposed tax rate value, the City will generate $9,423,004 in property tax revenue for the SLVLESA, which would be transferred to UPD.

TABLE 2.1: CERTIFIED TAX RATE CALCULATION

Budget Code	Budget Name	Revenue w/ New Growth	Certified Tax Rate	Certified Rate Revenue	Proposed Tax Rate	Calculated Budgeted Revenue
75	Law Enforcement	$30,572,446	0.001859	$30,572,446	0.002031	$33,401,096

TABLE 2.2: ESTIMATED MILLCREEK PROPERTY TAX REVENUE

	2017
Proposed SLVLESA Rate	0.002031
2017 Proposed SLVLESA Tax Rate Value	$16,445,640,656
SLVLESA Revenue	$33,401,096
Millcreek Proposed 2017 Tax Rate Value	$4,639,588,403
Millcreek Property Tax Revenue	$9,423,004
Plus Estimated Fee-in-Lieu*	$337,431
Total Millcreek Revenue	**$9,760,435**

*Calculated based on Millcreek's proportion of assessed value compared to the SLVLESA (28 percent) multiplied by the historic average fee-in-lieu for the SLVLESA ($1,465,088) from 2012 through the 2017 budget.

It is estimated that the City would also receive additional revenues from the uniform fee-in-lieu of property tax. This tax is assessed to vehicles subject to the uniform fee-in-lieu of property tax, which is 1.5 or 1.0 percent of the fair market value of vehicles as established by the Tax Commission.[1] The total fee-in-lieu received by the City is estimated at $337,431, bringing total revenues generated by the City to $9,760,435.

OPTION 2: WITHDRAW FROM THE SLVLESA

Option 2 assumes the City will withdraw from the SLVLESA and contract for services with UPD. UPD estimated the total contract cost for the City would be $9,746,524 (See **Appendix A**). This would provide the City with 1.07 officers per thousand population, compared to the SLVLESA total officers per thousand of 1.04. This is an important consideration for the City as it would in essence increased the level of service to the residents and businesses that reside within the City.

In addition to the contract cost, the City will likely have to issue TANs to pay the contract obligation since there will be a disconnect in when the tax revenues are received and when the contract will need to be paid (it is anticipated that contract payments to UPD will occur quarterly). Typically, the majority of property tax revenues are received in November and December. However, the UPD contract will need to be paid prior to this date. Thus, the analysis assumes the City will need to issue TANs to pay the contract obligation. Based on the total contract of $9,746,524 (rounded to $9,755,000 for the purposes of the bonding analysis), the total cost to the City is $9,902,951, which includes cost of issuance and interest expenses. The City may be able to reduce the proposed contract price from UPD by an amount equal to any financing costs, since SLVLESA will not have to issue TANs for Millcreek. This could reduce the impact of financing costs resulting in a reduced impact to Millcreek residents. The tax impacts of these scenarios is evaluated in **Section IV**.

[1] Medium and heavy duty trucks, commercial trailers, and vessels 31 feet and longer are subject to the 1.5 percent fee-in-lieu. Motor homes are subject to the 1.0 percent fee-in-lieu.

SECTION III: **ALLOCATION OF FUND BALANCE**

This analysis also considers the potential allocation of fund balance from the SLVLESA that would be available to the City in Fiscal Year (FY) 2018. For other entities that have evaluated the impacts of withdrawal (Riverton and Herriman) there is an accumulative calculation based on the years that the entity was in the district and what years an entity was either a donor or recipient, which data does not exist for the City. As a result, the analysis outlined in **Table 3.1** below applies a proportionated share of the 2016 fund balance[2] based on the City's estimated revenue generation, excluding new growth revenues. UPD staff felt that this would be a fair allocation of the fund balance, considering the lack of historic data.

TABLE 3.1: PROPORTIONAL VALUATION CALCULATIONS

	SLVLESA	HERRIMAN	RIVERTON	MILLCREEK	TOWNSHIPS & UNINCORPORATED	TOTAL
Adjusted Property Values						
Total Property Value Adjusted for BOE	16,815,583,492	2,130,533,047	2,726,516,033	4,910,502,045	7,048,032,368	16,815,583,493
5 Year Average Collection Rate	97.80%	97.80%	97.80%	97.80%	97.80%	97.80%
Proposed Tax Rate Value	16,445,640,655	2,083,661,320	2,666,532,680	4,802,471,000	6,892,975,656	16,445,640,656
Eligible New Growth	395,413,020	105,457,461	87,218,494	122,460,765	80,276,299	395,413,019
Certified Tax Rate Value	$16,050,227,635	$1,978,203,859	$2,579,314,186	$4,680,010,235	$6,812,699,357	$16,050,227,637
Certified Tax Rate	0.001859	0.001859	0.001859	0.001859	0.001859	0.001859
Certified Tax Rate Revenue						
Base	$29,837,373	$3,677,481	$4,794,945	$8,700,139	$12,664,808	$29,837,373
New Growth	735,073	196,045	162,139	227,655	149,234	735,073
Total Certified Tax Rate Revenue	30,572,446	3,873,526	4,957,084	8,927,794	12,814,042	30,572,446
Proposed Tax Rate	0.002031	0.002031	0.002031	0.002031	0.002031	0.002031
Base	$32,598,012	$4,017,732	$5,238,587	**$9,505,101**	$13,836,592	$32,598,012
New Growth	803,084	214,184	177,141	248,718	163,041	803,084
Total Proposed Revenue	$33,401,096	$4,231,916	$5,415,728	$9,753,819	$13,999,633	$33,401,096

TABLE 3.2 ALLOCATION OF FUND BALANCE

SLVLSESA Valuation (Base)	$32,598,012
Less Herriman	($4,017,732)
Less Riverton	($5,238,587)
Remaining	$23,341,693
Millcreek Estimated Value	**$9,505,101**
Millcreek Proportion	40.7%
2016 Fund Balance	$4,472,478
Allocation to Millcreek	**$1,821,263**

Based on the City's proportion of base valuation and revenue generation, estimated at 40.7 percent, the allocation of the 2016 fund balance would be **$1,821,263**, as shown below. It is important to note, that this is only an estimate and has not been approved or reviewed by the UPD Board, But has been reviewed by UPD staff. Any allocation methodology would have to be approved by the UPD Board.

Alternative methodologies may result in a higher fund balance allocation. For example, should historic taxable value data become available, it could show a higher proportionate taxable value for the City relative to the other members of SLVLESA. This could occur if Millcreek has not experienced as much new growth as other communities recently, resulting in a decreasing proportional value of revenue generation, arriving at the 40.7 percent of total as described above. Therefore, an average of the last few years of data would produce a higher percentage than the current distribution. Additional methodologies could be explored as the fund balance allocation is finalized.

[2] excluding Herriman and Riverton's portion of the fund balance

SECTION IV: TAX RATE ANALYSIS

As reviewed in **Section II**, this analysis is based on two options: 1) Stay within the SLVLESA; or, 2) withdraw from the SLVLESA.

OPTION 1: REMAIN WITHIN THE SLVLESA

If the City were to remain within the SLVLESA, property within the City would be subject to the proposed tax rates adopted by the SLVLESA. The 2017 tax year certified tax rate for the SLVLESA is calculated at .002031. Based on the City's 2017 proposed tax rate value, the City will generate $9,423,004, plus fee-in-lieu revenue estimated at $337,431, bringing total revenues generated by the City to $9,760,435, which would be transferred to UPD.

OPTION 2: WITHDRAW FROM THE SLVLESA

Option 2 assumes the City will withdraw from the SLVLESA and contract for services with UPD. The analysis assumes the City will need to issue TANs to pay the contract obligation. Based on the total contract of $9,746,524 (rounded to $9,755,000 for the purposes of the bonding analysis), the total cost to the City is $9,902,951, which includes cost of issuance and interest expenses.

If the City were to remain with the SLVLESA, property within the City would be subject to the proposed tax rates adopted by the SLVLESA. The 2017 tax year certified tax rate for the SLVLESA is calculated at .002031. Applying this tax levy to the City's 2017 proposed tax rate value, the City will generate $9,423,004 in property tax revenue. It is estimated that the City would also receive additional fee-in-lieu revenues, bringing total revenues generated by the City to $9,760,435. With a total cost of $9,902,951, the net impact to the City is a cost of $142,515. The City would need a .000031 increase to the base levy of .002062, or a 1.5 percent increase.

The estimated increase of .000031 will result in a $4.09 annual tax increase ($0.34 monthly increase) for a $239,753 home, with an estimated $3.10 annual increase per $100,000 commercial valuation ($0.26 monthly increase).

The City may be able to reduce the proposed contract price from UPD by an amount equal to any financing costs, since SLVLESA won't have to issue TANs for Millcreek. This could reduce the impact of financing costs resulting in a reduced impact to Millcreek residents.

TABLE 4.1: ESTIMATED NEEDED TAX LEVY FOR OPTION 2

Proposed SLVLESA Rate	0.002031
2017 Proposed SLVLESA Tax Rate Value	$16,445,640,656
SLVLESA Revenue	$33,401,096
Millcreek Proposed 2017 Tax Rate Value	$4,639,588,403
Millcreek Property Tax Revenue	$9,423,004
Plus Fee in Lieu	$337,431
Total Revenue	$9,760,435
Total Cost	9,902,951
Net Impact	**$142,515**
Additional Increase/(Decrease) in Levy	0.000031
Combined Levy	**0.002062**

TABLE 4.2: ESTIMATE OF TAX IMPACT

MARKET VALUE	TAXABLE VALUE	ANNUAL IMPACT	MONTHLY IMPACT
Residential			
$100,000	$55,000	$1.71	$0.14
$200,000	$110,000	$3.41	$0.28
$300,000	$165,000	$5.12	$0.43
Average Sale Price (2017)			
$415,000	$228,250	$7.08	$0.59
Average Assessed Value			
$239,753	$131,864	$4.09	$0.34
Commercial Value			
$100,000	$100,000	$3.10	$0.26

SECTION V: EFFECTS OF CENTRALLY ASSESSED PROPERTY

This section evaluates the effect of centrally assessed property within the SLVLESA and if this taxable base should be a strong determinant in the decision to withdraw from the SLVLESA. Centrally assessed property includes mining properties and other properties that operate across county lines, such as utilities, mines, telecommunications or transportation companies. Historically, centrally assessed property was a component of the Tax Commission's new growth calculation. Prior to Tax Year 2017, new growth was calculated as the difference between the current year tax values ("New Growth Adjusted Value") and prior year tax values.

- SLVLESA Example: 2016 New Growth Adjusted Value $15,118,640,382 less 2015 New Growth Adjusted Value $14,965,809,856 equals the Calculated New Growth Value of $152,830,527.

FIGURE 5.1: TAX COMMISSION CALCULATION OF NEW GROWTH (SLVLESA)

REAL PROPERTY NEW GROWTH	
	Total Adjusted Value Real
2017 Original	13,345,283,751
(-) 2016 Year End	12,171,842,326
(=) Orig - Year End	1,173,441,425
(-) Value Change	769,133,634
(=) Real New Growth	404,307,791
CENTRALLY ASSESSED NEW GROWTH	
	Total Adjusted Value CA
2017 Original	3,150,787,695
(-) Benchmark	3,386,332,882
(=) CA New Growth	0
PROJECT AREA NEW GROWTH	
Real	
(+) Centrally Assessed	
(+) Personal	
(=) Project Area New Growth	0

The New Growth Adjusted Value is the sum of real, personal and centrally assessed property, less redevelopment areas and reappraisals. Based on the historic formula, fluctuations in centrally assessed property can influence the calculated new growth value. For example, declines in centrally assessed property could erode real property new growth.

In 2017, the Utah State Legislature adjusted the new growth formula and isolated new growth in real, centrally assessed and project area new growth. In addition, the calculation includes a provision that calculated new growth cannot be a negative number. This will mitigate the negative impact of decreases in centrally assessed property. In addition, the lack of centrally assessed property within the City limits the City's exposure to fluctuations. In Tax Year 2017, the City's centrally assessed property accounted for 2.4 percent of the SLVLESA centrally assessed property and 1.5 percent of the City's total assessed value.

It is important to note that while the City has limited exposure to negative fluctuations in centrally assessed property, by leaving the SLVLESA the City will not receive any benefit from increases in centrally assessed property that may occur within the remaining SLVLESA area. Historic taxable value data shows a decline in centrally assessed property from 2011 through 2017, while overall taxable value has increased, resulting in a sharper decline in the overall percentage of centrally assessed property relative to total taxable value within SLVLESA. Thus, the risk of substantial increases in centrally assessed property may be limited.

TABLE 5.1: ILLUSTRATION OF HISTORIC CENTRALLY ASSESSED PROPERTY

	SLVLESA CENTRALLY ASSESSED (CA)	SLVLESA TOTAL VALUE	% OF TOTAL	MILLCREEK CA	TOTAL VALUE	% OF TOTAL	MILLCREEK CA AS % OF SLVLESA
2011	$4,271,312,176	$11,810,851,749	36%	NA	NA	NA	NA
2012	$4,094,544,821	$14,201,282,729	29%	NA	NA	NA	NA
2013	$2,734,804,936	$13,293,315,036	21%	NA	NA	NA	NA
2014	$3,233,312,525	$14,433,841,925	22%	NA	NA	NA	NA
2015	$3,375,646,826	$15,046,534,736	22%	NA	NA	NA	NA
2016	$3,388,568,583	$16,019,415,013	21%	NA	NA	NA	NA
2017	$3,184,711,007	$16,995,180,941	19%	477,003,076	$4,974,358,284	1.5%	2.4%

SECTION VI: OPTIONS FOR FINANCING THE CITY'S WITHDRAWAL FROM THE SLVLESA

As reviewed in **Section II**, the analysis examined two options: 1) Stay within the SLVLESA; or, 2) withdraw from the SLVLESA. This section will focus on how the City could finance, both in the short-term, and in the long-term, a decision to withdraw from the SLVLESA.

The initial difficulty in withdrawing from the SLVLESA and contracting directly with UPD for law enforcement services is complicated by the fact that the City, by State statute, operates on a fiscal year that begins on July 1st and ends on the subsequent June 30th. In contrast, the SLVLESA, as a component unit of Salt Lake County, operates on a calendar-year basis (January 1st – December 31st). This disparity in fiscal years causes a discrepancy to exist between the fiscal year in which the City will receive property tax revenues and the fiscal year in which the SLVLESA bills and collects property taxes in order to pay UPD for services provided.

LYRB has identified the following four options for the City to consider to address this problem.

OPTION 1: ISSUANCE OF TAX ANTICIPATION NOTES BY THE CITY

The City could employ a short-term borrowing instrument known as at Tax Anticipation Note (a "TAN"), as referenced in the sections above, which pledges future property or other taxes as security and the repayment source for the TAN. While TANs are frequently used by many municipal entities, under Utah State law, TANs must mature and be paid within the same fiscal year in which they are issued thus the timing is different for different entities depending on when their fiscal year ends.

Since property taxes are levied by the City, and collected by the County, on a calendar-year basis, the difficulty facing the City is that it will begin to levy a property tax in January of 2018 (fiscal year 2018 for the City) with collections beginning in November-December of 2018 (fiscal year 2019 for the City). As State law now stands, any TAN issued by the City would have to mature on or before June 30, 2018; several months before the City would receive any tax revenues to repay the TAN. While a second TAN could be issued in fiscal year 2019, the 2018 TAN would have already come due.

It may be possible to structure a TAN in fiscal year 2018, which even though it would mature on June 30, 2018, would contain a provision allowing for a "grace period" allowing the TAN to be paid off a few days or weeks after the stated maturity. During this "grace period', the TAN could not accrue any more interest past that accrued up to and including the June 30, 2018 maturity date. A lender or purchaser of the TAN, typically a local bank, would have to understand and agree that the 2018 TAN would not be paid until the 2019 TAN could be issued. If such a structure was acceptable to a lender, we would anticipate that the interest rate would be slightly higher than would be expected for a TAN which pays off on the stated maturity date.

OPTION 2: ISSUANCE BY THE SLVLESA OF TAX ANTICIPATION NOTES ON BEHALF OF THE CITY

The City could enter into an interlocal agreement with the SLVLESA, which would allow the SLVLESA to issue a TAN for the benefit of the City. The SLVLESA-issued TAN would be re-payed by a TAN issued by the City on or shortly after July 1, 2018 (the start of the City's 2019 fiscal year).

The use of an interlocal agreement to permit the SLVLESA to issue TANs on behalf of other cities has been used on other occasions to work around the disparity between property tax collection schedules (the SLVLESA's fiscal year and the fiscal year of other cities which contract with UPD).

OPTION 3: LEGISLATIVE CHANGE TO ALLOW ISSUANCE OF TAX ANTICIPATION NOTES MATURING IN CUCCEEDING FISCAL YEARS

Under the current Utah State law, the maturity date of a TAN may not extend into the fiscal year following the fiscal year in which the TAN was issued even though both the issuance of the Tan and the maturity of the TAN occur in the same calendar year. It may be possible to accomplish a legislative change to State law such that a TAN could be issued in one fiscal year but mature in the succeeding fiscal year.

If this change were to be made, the City would be able to issue its TAN in fiscal year 2018 and schedule the TAN's maturity to coincide with the collection of property taxes, which would occur in the same calendar year but the City's fiscal year 2019.

OPTION 4: CREATION BY THE CITY OF A TAXING ENTITY WITH A FISCAL YEAR MATCHING THAT OF THE SLVLESA

The City could create a taxing entity, some type of Local District, in much the same way the many cities create Local Building Authorities. The subsidiary entity could be established with an accounting cycle based on a calendar year rather than on the City's fiscal year.

The subsidiary entity would be able to issue TANs on a cycle that coincides with the calendar-year cycle of the SLVLESA.

The process of creating such a subsidiary entity would likely entail a public process of action by the City Council to initiate the creation process and subsequent public hearings, and may also result in future administrative overhead expenses.

OTHER LONG-TERM CONSIDERATIONS FOR THE CITY

Since the issuance of TANs carries issuance costs and will require time to put in place, LYRB recommends that the City issue the TANs in an amount sufficient to both pay the quarterly cost of maintaining police services and to build up the City's cash reserves. This will allow the City to accommodate any deficit caused by the difference between the City's fiscal year and the SLVLESA's fiscal year without the need for the City to issue future TANs.

It is important to note the City would have to go through the normal Truth-in-Taxation hearing process to increase the tax rate, since the proposed increase is intended to fund operating costs.

APPENDIX A: UPD COST ESTIMATES

Adopted UPD Costing Model -- 2017_2018 | **Adopted Costing Exhibit** | 6/15/2017

Cost Exhibit - Adopted June 15, 2017

Pooled Formula (20/70/10)

	Herriman	Riverton	Millcreek	Kearns, Magna, Copperton, Emmigration Canyon, White City, Uninc. County		Holladay	Midvale	Taylorsville		Countywide General Fund	
	Service Area Exhibit	Service Area Exhibit	Service Area Exhibit	Service Area Exhibit	SLVLESA Total	City Exhibit	City Exhibit	City Exhibit	Total Municipal	Total Countywide Exhibit	Grand Total
PRECINCTS											
Officers	18.50	23.00	39.00	62.50	143.00	22.00	32.00	39.00	236.00	56.00	292.00
Sergeants	2.47	3.07	5.00	9.00	19.54	2.00	5.46	7.00	34.00	10.00	44.00
Lieutenants	0.84	1.00	1.00	1.38	4.22	1.00	0.78	1.00	7.00	4.00	11.00
Captains	-	-	-	-	-	-	-	-	-	3.00	3.00
Chief	0.84	1.00	1.00	1.38	4.22	1.00	0.78	1.00	7.00	-	7.00
Sheriff / Undersheriff	-	-	-	-	-	-	-	-	-	(0.78)	(0.78)
										-	-
TOTAL SWORN PRECINCT	22.65	28.07	46.00	74.26	170.98	26.00	39.02	48.00	284.00	72.22	356.22
POOLED SVCS											
TOTAL SWORN POOLED SVCS	3.57	5.32	18.17	28.80	55.85	4.78	7.85	10.64	79.13	3.65	82.78
										-	-
Total Sworn	**26.22**	**33.38**	**64.17**	**103.06**	**226.83**	**30.78**	**46.88**	**58.64**	**363.13**	**75.87**	**439.00**
										-	**-**
Civilians	6.14	8.84	18.27	30.16	63.42	8.07	13.06	18.55	103.10	52.90	156.00
Direct Precinct Personnel	2,503,043	3,137,193	4,974,348	8,051,543	18,666,128	2,853,170	4,427,590	5,499,742	31,446,629	10,574,583	42,021,212
Operating	380,613	362,079	597,602	953,878	2,294,172	304,052	566,506	571,023	3,735,753	3,050,668	6,786,421
Pooled Svcs Total	884,322	1,317,906	3,788,076	6,244,898	12,235,202	1,185,658	1,706,668	2,638,775	17,766,304	2,267,524	20,033,828
SRO Pool (High School)	43,713	65,146	142,001	225,287	476,146	58,609	96,226	130,438	761,420	0	761,420
IT	45,853	68,335	148,953	236,316	499,458	61,478	100,937	136,824	798,697	226,963	1,025,660
Liability	69,576	103,689	226,015	358,578	757,859	93,285	153,159	207,612	1,211,914	253,086	1,465,000
Administrative Costs	74,679	92,595	149,723	245,099	562,095	86,011	129,178	162,465	939,749	351,626	1,291,375
Crossing Guards	219,638	268,630	267,804	563,426	1,319,498	80,964	106,103	205,524	1,712,089	0	1,712,089
Precinct Building Rent	62,513	0	100,300	146,375	309,188	0	(40,800)	0	268,388	0	268,388
					0				0	0	0
					0				0	0	0
Total Budget	4,283,950	5,415,573	10,394,822	17,025,401	37,119,746	4,723,226	7,245,568	9,552,404	58,640,943	16,724,450	75,365,393
Revenue Reduction	(135,000)	(90,000)	(232,504)	(335,496)	(793,000)	(12,000)	(91,861)	(12,000)	(908,861)	(888,903)	(1,797,764)
Estimated Underexpend	(171,358)	(216,623)	(415,793)	(681,016)	(1,484,790)	(188,929)	(289,823)	(382,096)	(2,345,638)	(585,356)	(2,930,993)
Adjustments to Contracts	0	0		0	0	0	0	0	0	0	0
Misc. Adjustments	0	0		0	0	0	0	0	0	0	0
Total Estimated Member Cost	3,977,592	5,108,950	9,746,524	16,008,889	34,841,956	4,522,297	6,863,884	9,158,308	55,386,444	15,250,191	70,636,635
16-17 Adjusted Cost (May 25)	3,549,944	4,899,687	9,720,734	15,383,126	33,553,492	4,411,486	6,439,007	8,934,748	53,338,734	14,885,609	68,224,343
% of Increase	12.05%	4.27%	0.27%	4.07%	3.84%	2.51%	6.60%	2.50%	3.84%	2.45%	3.54%
$ amount of increase	427,648	209,263	25,791	625,763	1,288,464	110,811	424,876	223,560	2,047,711	364,582	2,412,292
Population	30,835	41,900	59,737	85,317	217,789	30,864	32,613	60,514	341,780		
Officers per Thousand	0.85	0.80	1.07	1.21	1.04	1.00	1.44	0.97	1.06		