

City of Orem Final Budget Fiscal Year 2025-2026



Proposed \$177,414,649



Budget Calendar Review

- January 10-11 – Council Retreat to determine goals and areas of focus
- March 25 - Work Session - Revenue & Compensation
- April 8 - Work Session - Fleet & IT changes
- April 22 - Work Session – Operational & Capital Items
- May 13 - Presented Tentative Budget
- June 10 – Adopt FY 2025-2026 Budget



Budget Highlights

- Projected FY 2025-2026 revenues increased \$17,289,954 over FY 2024-2025 budgeted revenues, primarily due to sales taxes, property taxes, ambulance fees, water fees, water reclamation fees, and storm water fees.
- Funded the city's compensation program including step adjustments and merit increases for all other benefitted employees.
- Provides for funding of targeted market adjustments for specific positions based on a market analysis to be completed by the city's HR division.
- Funds projected health insurance increase of 18% (effective January 1, 2026).
- Fleet Replacement totaled \$2,869,350.
- Capital Projects totaled \$32,654,380.

Budget Revenue Overview

| Fiscal Year | FY '23 Adopted Budget | FY '24 Adopted Budget | FY '25 Adopted Budget | FY '26 Tentative Budget |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------|
| Revenues | \$118,528,981 | \$128,654,868 | \$135,375,910 | \$150,916,199 |
| Transfers | \$21,042,882 | \$22,859,993 | \$24,706,785 | \$26,198,450 |
| Appropriation of Surplus | \$1,222,000 | \$830,000 | \$42,000 | \$300,000 |
| Totals | \$140,793,863 | \$152,344,861 | \$160,124,695 | \$177,414,649 |

Revenues by Major Fund

| Fund | Revenues | Transfers In | Appropriation of Surplus | Total |
|--------------------------|----------------------|---------------------|--------------------------|----------------------|
| General | \$70,406,512 | \$8,110,904 | \$0 | \$78,517,416 |
| Road | \$4,350,000 | \$0 | \$0 | \$4,350,000 |
| CARE Tax | \$3,350,000 | \$0 | \$0 | \$3,350,000 |
| Transportation Sales Tax | \$4,930,000 | \$0 | \$0 | \$4,930,000 |
| Development Fees | \$1,307,000 | \$1,313,789 | \$0 | \$2,620,789 |
| Debt Service | \$1,617,613 | \$4,918,897 | \$0 | \$6,536,510 |
| Water | \$21,491,036 | \$1,167,323 | \$0 | \$22,658,359 |
| Water Reclamation | \$24,820,864 | \$16,000 | \$0 | \$24,836,864 |
| Storm Water | \$6,897,893 | \$141,000 | \$0 | \$7,038,893 |
| Recreation | \$4,318,937 | \$251,000 | \$0 | \$4,569,937 |
| Solid Waste | \$5,470,000 | \$0 | \$0 | \$5,470,000 |
| Other Funds | \$1,956,344 | \$10,279,537 | \$300,000 | \$12,535,881 |
| Total | \$150,916,199 | \$26,198,450 | \$300,000 | \$177,414,649 |

General Fund Revenue Overview

| Fiscal Year | FY '23 Actual | FY '24 Actual | FY '25 Estimated | FY '26 Proposed |
|--|---------------------|---------------------|---------------------|---------------------|
| Revenues | \$68,813,375 | \$72,619,800 | \$68,076,961 | \$70,406,512 |
| Transfers In <small>(includes Admin Charge)</small> | \$7,782,719 | \$7,360,549 | \$7,413,347 | \$8,110,904 |
| App. Surplus | \$0 | \$0 | \$0 | \$0 |
| Totals | \$76,596,094 | \$79,980,349 | \$75,490,308 | \$78,517,416 |

General Fund Sources of Revenue

| Source | Amount | FY '26 | FY '25 |
|--|---------------------|----------------|----------------|
| Taxes (Property, Sales, Franchise, etc.) | \$50,136,773 | 63.85% | 65.37% |
| Building/Business Charges | \$1,160,000 | 1.48% | 1.45% |
| Grants | \$524,000 | 0.67% | 0.98% |
| Charges for Services | \$15,312,778 | 19.50% | 18.18% |
| Fines | \$1,434,400 | 1.83% | 1.77% |
| Miscellaneous (Includes interest earnings) | \$5,873,477 | 7.48% | 7.44% |
| Transfers In | \$4,075,988 | 5.19% | 4.81% |
| Appropriation of Surplus | \$0 | 0.00% | 0.00% |
| Total | \$78,517,416 | 100.00% | 100.00% |

City-Wide Expenditures by Type

Fiscal Year 2025-2026 Tentative Budget

| Personnel | Operations | Capital | Total |
|--------------|--------------|--------------|---------------|
| \$66,733,567 | \$75,157,352 | \$35,523,730 | \$177,414,649 |
| 37.6% | 42.4% | 20.0% | |

Fiscal Year 2024-2025 Adopted Budget

| Personnel | Operations | Capital | Total |
|--------------|--------------|--------------|---------------|
| \$63,726,954 | \$71,415,243 | \$24,982,498 | \$160,124,695 |
| 39.8% | 44.6% | 15.6% | |

Expenditures by Fund

| Fund | Personnel | Operations | Capital | Total | Percent |
|--------------------------|---------------------|---------------------|---------------------|----------------------|---------------|
| General | \$49,371,948 | \$26,920,018 | \$2,225,450 | \$78,517,416 | 44.3% |
| Road | \$1,291,025 | \$1,068,033 | \$1,990,942 | \$4,350,000 | 2.4% |
| CARE Tax | \$0 | \$3,350,000 | \$0 | \$3,350,000 | 1.9% |
| Transportation Sales Tax | \$15,986 | \$255,016 | \$4,658,998 | \$4,930,000 | 2.7% |
| Development Fees | \$1,589,511 | \$1,031,278 | \$0 | \$2,620,789 | 1.5% |
| Debt Service | \$0 | \$6,536,510 | \$0 | \$6,536,510 | 3.7% |
| Water | \$2,886,050 | \$14,430,562 | \$5,341,747 | \$22,658,359 | 12.8% |
| Water Reclamation | \$2,568,478 | \$6,030,644 | \$16,237,742 | \$24,836,864 | 14.0% |
| Storm Water | \$1,319,709 | \$2,485,210 | \$3,233,974 | \$7,038,893 | 3.9% |
| Recreation | \$2,609,323 | \$1,815,614 | \$145,000 | \$4,569,937 | 2.6% |
| Solid Waste | \$0 | \$4,992,339 | \$477,661 | \$5,470,000 | 3.1% |
| Other Funds | \$5,081,537 | \$6,242,128 | \$1,212,216 | \$12,535,881 | 7.1% |
| Total | \$66,733,567 | \$75,157,352 | \$35,523,730 | \$177,414,649 | 100.0% |

General Fund Additions for FY '26

| Item | Explanation | Expense |
|------------------------------|--|-----------------|
| Police – AI Report Software | Purchase new third-party AI reporting solution | \$92,000 |
| Police – Rifle Replacement | Purchase new patrol rifles | \$20,000 |
| Library – Admin Area Remodel | Funds for the admin area remodel | <u>\$90,000</u> |
| GRAND TOTAL | | \$202,000 |

General Fund Additions for FY '26

Personnel

| Item | Explanation | Expense |
|---|--|-----------------|
| Fire – Firefighter/Paramedic (3) | Vineyard expansion | \$204,000 |
| Fire – Training Facility Division Chief | Manages new fire training facility | \$136,014 |
| Fire – Deputy Fire Marshal | Provides expanded oversight of ops | \$111,171 |
| PW – GIS Technician | Provides better response time and greater coverage | \$82,796 |
| PW – Technician | Addition due to new Heritage Park | <u>\$79,296</u> |
| GRAND TOTAL | | \$613,277 |

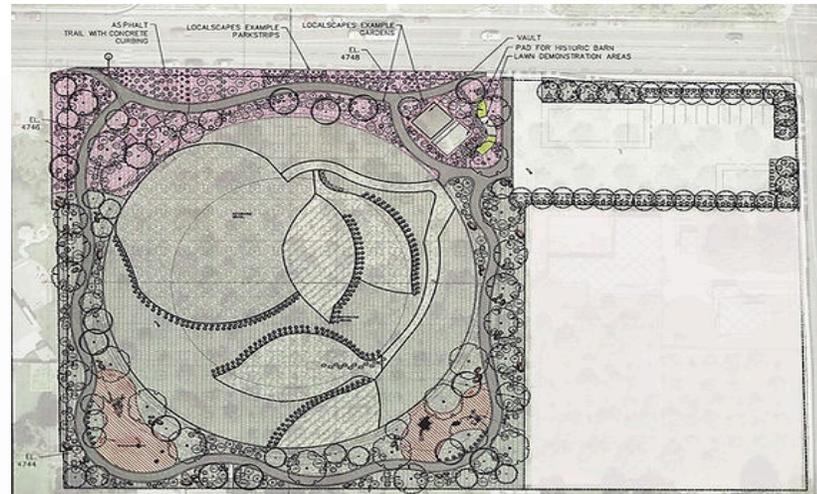
Water Fund Summary

| Fiscal Year | FY '24 Actual | FY '25 Est. Actual | FY '26 Proposed |
|-------------|---------------|--------------------|-----------------|
| Revenues | \$22,302,228 | \$19,511,197 | \$22,658,359 |

Personnel \$2,886,050
 Operations \$14,430,562
 Capital \$5,341,747

New Fees for Jordanelle Water & Deer Creek.

Jordanelle Water is proposed to be \$2.91/mo. & Deer Creek \$0.86/mo. on a ¾" meter (AWWA multiplier used for other meter sizes).



Heritage Park Water Storage Tank

The water base rate on a ¾" meter is proposed to increase to \$21.81 from \$21.17 (3.0% increase) and the Tier 1 usage rate is proposed to increase to \$0.91 from \$0.88 (3.4% increase) for FY 2025-2026.

Base rates for other meter sizes and usage rates for other tiers are also proposed to increase for FY 2025-2026.



Water Reclamation Summary

| Fiscal Year | FY '24 Actual | FY '25 Est. Actual | FY '26 Proposed |
|-------------|---------------|--------------------|-----------------|
| Revenues | \$14,817,932 | \$15,544,058 | \$24,836,864 |

Personnel \$2,568,478

Operations \$6,030,644

Capital \$16,237,742



The sewer base rate is proposed to increase to \$21.82 from \$16.98 (28.5% increase) and the sewer volume charge is proposed to increase to \$2.73 from \$2.68 (1.9% increase) for FY 2025-2026.





Storm Water Summary

| Fiscal Year | FY '24 Actual | FY '25 Est. Actual | FY '26 Proposed |
|-------------|---------------|--------------------|-----------------|
| Revenues | \$6,806,644 | \$6,364,585 | \$7,038,893 |

Personnel \$1,319,709

Operations \$2,485,210

Capital \$3,233,974

A 6.0% increase to the per ESU rate is recommended. This is an increase to the ESU to \$9.00 from \$8.49 per month.

Recreation Fund Summary

| Fiscal Year | FY '24 Actual | FY '25 Est. Actual | FY '26 Proposed |
|-------------|---------------|--------------------|-----------------|
| Revenues | \$3,833,773 | \$4,556,200 | \$4,569,937 |

Personnel \$2,609,323

Operations \$1,815,614

Capital \$145,000



Annual memberships and daily admissions at the fitness center continue to grow (2.4% budgeted increase). Indoor Classes revenues are budgeted to grow by 54%.



Solid Waste Fund

| Fiscal Year | FY '24 Actual | FY '25 Est. Actual | FY '26 Proposed |
|-------------|---------------|--------------------|-----------------|
| Revenues | \$5,297,136 | \$5,457,000 | \$5,470,000 |

Operations \$4,992,339

Capital \$477,661 (My Hometown Projects)



Solid Waste Rates

| | First Can | Second Can | Recycle | Green Waste |
|-------------------|----------------|----------------|---------------|---------------|
| FY '26 - Proposed | \$13.55 | \$12.55 | \$4.85 | \$7.10 |
| FY '25 | \$13.55 | \$12.55 | \$4.85 | \$7.10 |
| | | | | |
| % Change | 0.0% | 0.0% | 0.0% | 0.0% |

Combined First can and recycling rate \$18.40 (No change, a 0.0% increase)

Any changes in rates are pass-through costs due to our service contract with Waste Management of Utah. While our service contract costs are going to increase, it is proposed that the City not increase rates for Fiscal Year 2025-2026.

Comparison Total Utilities—Selected Cities

| | |
|----------------|----------|
| Pleasant Grove | \$213.08 |
| West Jordan | \$205.34 |
| American Fork | \$196.98 |
| Provo | \$185.16 |
| South Jordan | \$180.41 |
| Ogden | \$179.94 |
| West Valley | \$172.76 |
| AVERAGE CITY | \$165.64 |
| Spanish Fork | \$152.92 |
| Sandy | \$148.35 |
| Lehi | \$135.75 |
| Springville | \$128.77 |
| Orem | \$128.59 |
| Layton | \$125.32 |

* See budget document for additional cities – Table assumes a historical 4.9% average utility increase.

Questions

Redevelopment Agency Final Budget

Fiscal Year 2025-2026



Redevelopment Agency

| RDA Revenues | FY '23 Actual | FY '24 Actual | FY '25 Est. Actual | FY '26 Proposed |
|---------------|---------------|---------------|--------------------|-----------------|
| All Available | \$1,652,565 | \$1,735,489 | \$2,273,271 | \$2,115,000 |

| Expenditures Description | FY '25 Est. Actual | FY '26 Proposed |
|------------------------------------|--------------------|-----------------|
| University Place CDA Incentive | \$1,822,564 | \$1,845,000 |
| Future Projects - CDA | \$101,254 | \$102,500 |
| Contributions to Other Funds - CDA | \$101,254 | \$102,500 |
| Project Area Totals | <u>\$84,000</u> | <u>\$65,000</u> |
| Total RDA Expenditures | \$2,109,072 | \$2,115,000 |

Questions

Special Service Lighting District of the City of Orem Final Budget

Fiscal Year 2025-2026



Street Lighting Revenues

| | FY '23 Actual | FY '24 Actual | FY '25 Est. Actual | FY '26 Proposed |
|-------------------|--------------------|--------------------|--------------------|--------------------|
| Street Light Fees | \$964,735 | \$1,070,404 | \$1,185,000 | \$1,307,500 |
| Interest Earnings | \$48,410 | \$50,754 | \$25,000 | \$40,000 |
| Miscellaneous | \$17,303 | \$7,416 | \$53,500 | \$53,500 |
| Contributions | \$15,000 | \$15,000 | \$15,000 | \$15,000 |
| App. Of Surplus | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Total | \$1,045,448 | \$1,143,574 | \$1,278,500 | \$1,416,000 |

Street Lighting Expenses

| Description | Personnel | Operations | Capital | Total |
|----------------------|------------------|------------------|------------------|--------------------|
| Operating Budget | \$182,837 | \$484,529 | \$160,000 | \$827,366 |
| Holiday Lighting | \$0 | \$200,000 | \$0 | \$200,000 |
| Power | \$0 | \$100,000 | \$0 | \$100,000 |
| Energy Savings Lease | <u>\$0</u> | <u>\$288,634</u> | <u>\$0</u> | <u>\$288,634</u> |
| Total | \$182,837 | \$931,863 | \$160,000 | \$1,416,000 |

Street Lighting Rates

| | All Neighborhoods (Monthly ELU Rate) | All Businesses* (Monthly ELU Rate) |
|-------------------|---|---------------------------------------|
| FY '26 - Proposed | \$3.28 | \$3.28 |
| FY '25 | \$3.16 | \$3.16 |
| | | |
| % Change | 3.8% | 3.8% |

* Includes all businesses, apartments, institutional accounts (schools, churches, nonprofits, etc.)

Businesses will pay their annual street lighting fee upon issuance or renewal of their business license (12 months x \$3.28 = \$39.36).

Questions