

City of Orem Tentative Budget Fiscal Year 2026-2027



Proposed \$211,895,756



Orem, Utah

Budget Calendar Review

- January 5-6 – Council Retreat to determine goals and areas of focus
- April 14 - Work Session - Revenue & Compensation
- April 28 - Work Session - Operational & IT changes
- May 5 - Work Session – Fleet & Capital Items
- May 12 - Tentative Budget Presented
- June 9 – Public Hearing on Tentative Budget
- August 27 – Truth-in-Taxation Public Hearing



Budget Highlights

- Projected FY 2026-2027 revenues increased \$34,481,107 over FY 2025-2026 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 healthcare and retirement costs.
- Fleet Replacement totaled \$3,466,500.
- Capital Projects totaled \$34,498,862.

Budget Revenue Overview

Fiscal Year	FY '24 Adopted Budget	FY '25 Adopted Budget	FY '26 Adopted Budget	FY '27 Tentative Budget
Revenues	\$128,654,868	\$135,375,910	\$150,916,199	\$154,828,558
Revenues – Tax Increase	0	0	0	450,000
Transfers	22,859,993	24,706,785	26,198,450	29,494,611
Transfer – New PS Fund	0	0	0	25,410,587
Appropriation of Surplus	830,000	42,000	300,000	1,712,000
Totals	\$152,344,861	\$160,124,695	\$177,414,649	\$211,895,756

Revenues by Major Fund

Fund	Revenues	Transfers In	Appropriation of Surplus	Total
General	\$55,508,827	\$10,141,992	\$0	\$65,650,819
Public Safety	19,804,082	25,528,971	0	45,333,053
Road & Transportation	9,595,000	0	1,662,000	11,257,000
CARE Tax	3,524,000	0	50,000	3,574,000
Development Fees	1,345,000	1,215,000	0	2,560,000
Debt Service	1,634,663	4,987,829	0	6,622,492
Water	23,064,594	1,177,406	0	24,242,000
Water Reclamation	20,594,000	16,000	0	20,610,000
Storm Water	7,939,000	141,000	0	8,080,000
Recreation	4,569,000	67,000	0	4,636,000
Solid Waste	6,045,000	0	0	6,045,000
Other Funds	1,655,392	11,630,000	0	13,285,392
Total	\$155,278,558	\$54,905,198	\$1,712,000	\$211,895,756

General Fund Revenue Overview

(Public Safety revenues have been removed from FY '24, FY '25 & FY '26 for comparison purposes)

Fiscal Year	FY '24 Actual	FY '25 Actual	FY '26 Estimated	FY '27 Proposed
Revenues	\$57,165,354	\$54,231,619	\$53,903,597	\$55,508,827
Transfers In (includes Admin Charge)	\$7,360,549	\$7,351,111	\$8,110,904	\$10,141,992
App. Surplus	\$0	\$0	\$0	\$0
Totals	\$64,525,903	\$61,582,730	\$62,014,501	\$65,650,819

General Fund Sources of Revenue

(FY '26 does include Public Safety revenues in order to provide information as to how the change affects these percentages)

Source	Amount	FY '27	FY '26
Taxes (Sales, Franchise & Transient Room)	\$44,125,100	67.21%	63.85%
Building/Business Charges	\$1,160,000	1.77%	1.48%
Grants	\$19,000	0.02%	0.67%
Charges for Services	\$8,479,304	12.92%	19.50%
Fines	\$1,393,000	2.12%	1.83%
Miscellaneous (Includes interest earnings)	\$5,398,427	8.23%	7.48%
Transfers In	\$5,075,988	7.73%	5.19%
Appropriation of Surplus	\$0	0.00%	0.00%
Total	\$65,650,819	100.00%	100.00%

Sales Tax



FY '25 Actual	FY '26 Est.	FY '27 Proposed
\$32,730,149	\$33,712,050	\$34,725,100

Sales Tax



Building and Business Services Charges

Fee Type	FY '24 Actual	FY '25 Actual	FY '26 Estimated	FY '27 Proposed
Business Licenses & Permits (General Fund)	\$1,046,451	\$1,018,716	\$1,050,000	\$1,050,000
Building Permits & Other Related Fees (Development Fees Fund)	\$1,343,711	\$1,296,418	\$1,307,000	\$1,345,000
Total	\$2,390,162	\$2,315,134	\$2,357,000	\$2,395,000

Other General Fund Revenues

Other Revenue Type	FY '24 Actual	FY '25 Actual	FY '26 Estimated	FY '27 Proposed
Interest Earnings	\$5,117,315	\$3,480,948	\$3,552,000	\$3,206,000
Justice Court Fees & Fines	\$1,610,836	\$1,802,467	\$1,434,370	\$1,462,700
Cemetery Lot Sales & Interment Fees	\$1,032,673	\$1,073,557	\$1,000,000	\$1,100,000
Total	\$7,760,824	\$6,356,972	\$5,986,370	\$5,768,700

City-Wide Expenditures by Type

Fiscal Year 2026-2027 Tentative Budget

Personnel	Operations	Capital	Total
\$71,442,328	\$105,954,566	\$34,498,862	\$211,895,756
33.7%	50.0%	16.3%	

Fiscal Year 2025-2026 Adopted Budget

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

Expenditures by Fund

Fund	Personnel	Operations	Capital	Total	Percent
General	\$20,956,426	\$43,686,193	\$1,008,200	\$65,650,819	31.0%
Public Safety	32,661,954	11,503,099	1,168,000	45,333,053	21.4%
Road & Transportation	1,264,754	1,524,967	8,467,279	11,257,000	5.3%
CARE Tax	0	3,574,000	0	3,574,000	1.7%
Development Fees	1,544,244	1,015,756	0	2,560,000	1.2%
Debt Service	0	6,622,492	0	6,622,492	3.1%
Water	2,927,186	14,916,003	6,398,811	24,242,000	11.4%
Water Reclamation	2,477,852	6,493,588	11,638,560	20,610,000	9.7%
Storm Water	1,425,343	2,166,427	4,488,230	8,080,000	3.8%
Recreation	2,645,319	1,845,681	145,000	4,636,000	2.2%
Solid Waste	0	5,567,339	477,661	6,045,000	2.9%
Other Funds	5,539,250	7,039,021	707,121	13,285,392	6.3%
Total	\$71,442,328	\$105,954,566	\$34,498,862	\$211,895,756	100.0%

Operations Expenditures by Fund

Fund	Operations	Debt	Transfers Out	Total	Percent
General	\$6,014,274	\$0	\$37,671,919	\$43,686,193	41.2%
Public Safety	8,807,169	0	2,695,930	11,503,099	10.9%
Road & Transportation	910,915	0	614,052	1,524,967	1.4%
CARE Tax	3,574,000	0	0	3,574,000	3.4%
Development Fees	145,223	0	870,533	1,015,756	1.0%
Debt Service	0	6,622,492	0	6,622,492	6.3%
Water	6,851,355	2,974,226	5,090,422	14,916,003	14.1%
Water Reclamation	2,235,553	1,043,450	3,214,585	6,493,588	6.1%
Storm Water	396,186	106,225	1,664,016	2,166,427	2.0%
Recreation	1,115,093	0	730,588	1,845,681	1.7%
Solid Waste	5,145,133	0	422,206	5,567,339	5.3%
Other Funds	5,048,074	60,000	1,930,947	7,039,021	6.6%
Total	\$40,242,975	\$10,806,393	\$54,905,198	\$105,954,566	100.0%

General Fund Additions for FY '27

Personnel

Item	Explanation	Expense
Legal – Civil Attorney	Increased demand for services	\$150,000
Parks & Rec – Technician–Urban Forestry	Increased demand for services	<u>80,000</u>
GRAND TOTAL		\$230,000

Operations

Item	Explanation	Expense
Civic Engmnt – Podium Software	Continue use – ARPA funds have been exhausted	\$19,300
City Council – Youth Council	Add funds to enhance youth experience	<u>2,000</u>
GRAND TOTAL		\$21,300

Fleet Replacements

Vehicle Type	FY '26 Adopted Budget	FY '27 Tentative Budget
Fire Apparatus / Vehicles	\$165,750	\$237,500
Police Vehicles	\$693,000	\$855,500
Pickups/SUV	\$394,600	\$330,000
Large Trucks/Vehicles	\$1,230,000	\$1,472,000
Backhoes/Loaders/Etc.	\$136,000	\$203,000
Other Vehicles/Equipment	\$250,000	\$368,500
Total	\$2,869,350	\$3,466,500

- General & Public Safety Fund - 21 Vehicles \$1,480,500
- Enterprise & Road Funds - 29 Vehicles \$1,986,000



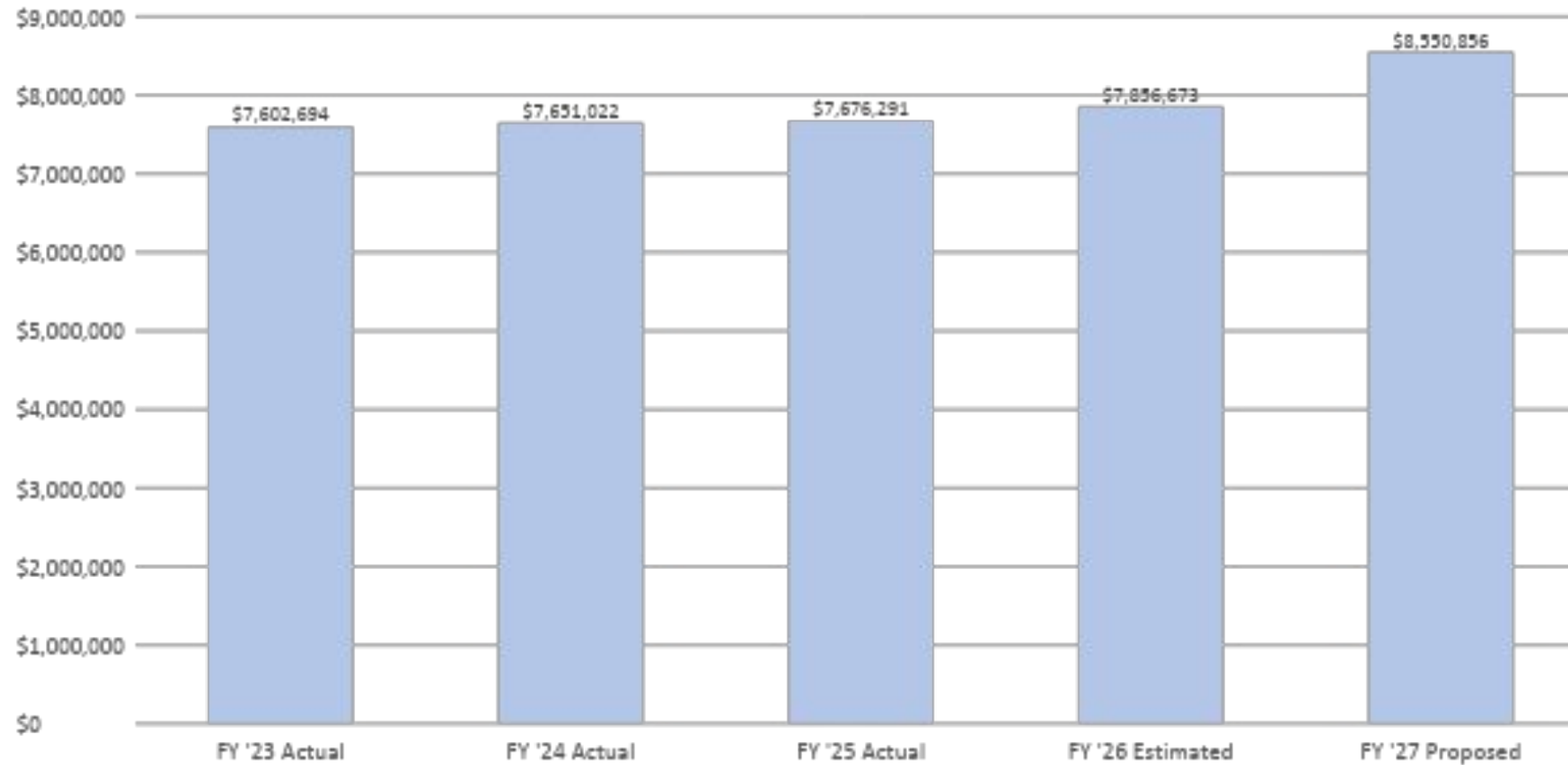
Public Safety Fund – Revenue Overview

Revenue Type	FY '24 Actual	FY '25 Actual	FY '26 Estimated	FY '27 Proposed
Property Taxes	\$7,651,022	\$7,676,291	\$7,856,673	\$8,100,856
Property Taxes – Increase	0	0	0	450,000
Grants	553,086	541,966	230,000	425,000
Charges for Services *	3,886,905	4,769,372	4,681,709	6,243,510
Charges for Srvcs – Ambulance	2,893,071	3,133,551	3,600,000	4,135,000
Fees & Fines	470,578	377,863	535,000	533,100
Miscellaneous	0	0	0	35,000
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,410,587</u>
Total	\$15,454,662	\$16,499,043	\$16,903,382	\$45,333,053

* Includes Lindon Fire/Dispatch Contract, Vineyard Fire Contract, ASD Contract (SRO's) & Task Force participation.

Property Tax

General Property Tax



Public Safety Fund Property Tax Increase

(For Consideration)

Expenditure	Base Salary	Fringe Benefits	Vehicle	Equipment	Uniform	Total Cost
Police Officers (2)	\$168,000	\$119,000	\$146,000	\$10,500	\$6,500	\$450,000

Public Safety Fund – Expenditure Overview

Fund	Personnel	Operations	Capital	Total
Police	\$18,512,759	\$6,454,289	\$1,009,500	\$25,976,548
Fire	<u>\$14,149,195</u>	<u>\$5,048,810</u>	<u>\$158,500</u>	<u>\$19,356,505</u>
Total	\$32,661,954	\$11,503,099	\$1,168,000	\$45,333,053

Public Safety Fund Additions for FY '27

Personnel

Item	Explanation	Expense
Police – Officers (2)	Increase in demand for services – Tied to proposed property tax increase	<u>\$450,000</u>
GRAND TOTAL		\$450,000

Operations

Item	Explanation	Expense
Police – Supplies & Software	Covers increased supplies and software costs	\$30,000
Police – NUVAS	Covers increased animal control costs	25,000
Fire – Equipment	Add regular funding for FF&E replacements	55,000
Fire – EMPG	Add funding as federal grant gets smaller	<u>10,000</u>
GRAND TOTAL		\$120,000

Streets Capital Projects

Project	B & C Road Fund	Transportation Sales Tax Fund
Crack Seal Project	\$0	\$325,000
Slurry Seal Project	\$0	\$650,000
Street Overlay / Reconstruct	\$610,378	\$1,250,000
Micro-surface Project	\$0	\$500,000
Street Striping	\$230,000	\$0
Signal Projects	\$240,000	\$0
Lakeview Parkway Project	\$0	\$500,000
Memorial Trailhead	\$0	\$750,000
Sidewalk Projects	<u>\$0</u>	<u>\$525,000</u>
GRAND TOTAL	\$1,080,378	\$4,500,000

Debt Service Fund

Revenues	FY '25 Actual	FY '26 Est. Actual	FY '27 Proposed
Revenues	\$2,278,941	\$1,617,613	\$1,634,663
Transfers In	<u>\$4,841,608</u>	<u>\$4,918,897</u>	<u>\$4,987,829</u>
Totals	\$7,131,260	\$6,536,510	\$6,622,492

Expenditures	FY '25 Actual	FY '26 Est. Actual	FY '27 Proposed
Principal	\$1,480,000	\$730,000	\$780,000
Interest	\$1,528,496	\$1,619,613	\$1,582,263
Utopia, Siemens Lease, etc.	<u>\$4,115,774</u>	<u>\$4,186,897</u>	<u>\$4,260,229</u>
Totals	\$7,124,270	\$6,536,510	\$6,622,492



Internal Service Funds

Fund	Personnel	Operations	Capital	Total
Fleet Maintenance	\$715,107	\$434,893	\$0	\$1,150,000
Self Insurance	127,199	2,422,801	50,000	2,600,000
Information Technology	3,143,293	1,865,707	41,000	5,050,000
Facilities Maintenance	1,066,584	1,177,366	31,050	2,275,000
Purchasing & Warehousing	<u>366,015</u>	<u>188,985</u>	<u>0</u>	<u>555,000</u>
Total	\$5,418,198	\$6,089,752	\$122,050	\$11,630,000

IT Fund Additions for FY '27

Personnel

Item	Explanation	Expense
IT – Legacy Code SW Project Engineers (2)	Transitioning to new platform	\$254,000
IT – Database Administrator	Provides improved database functionality	150,000
IT – Privacy Security Intern	Working to improve information security	<u>39,000</u>
GRAND TOTAL		\$443,000

IT Fund Additions for FY '27

Operations

Item	Explanation	Expense
IT – Server Room Air Conditioning	UPS & CRAC Units	\$42,250
IT – Google Licensing & Maintenance	Agreement increase	23,000
IT – Google Assured Controls	CJA Members Licensed	49,000
IT – IBM Server	Replace server	20,735
IT – Helpdesk Management Software	Provide ongoing funding for this software	11,000
IT – MFA Management	Azure Identity management - myOrem	<u>15,000</u>
GRAND TOTAL		\$160,985

Comparison Total Utilities—Selected Cities

Vineyard	\$213.08
Pleasant Grove	\$205.34
West Jordan	\$196.98
Ogden	\$192.73
West Valley	\$185.16
Provo	\$181.55
South Jordan	\$179.94
AVERAGE CITY	\$169.59
Spanish Fork	\$152.92
Sandy	\$148.35
Lehi	\$135.75
Layton	\$128.77
Orem	\$128.59
Springville	\$125.32

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

Water Fund Summary

Fiscal Year	FY '25 Actual	FY '26 Est. Actual	FY '27 Proposed
Revenues	\$29,452,784	\$22,658,359	\$24,242,000

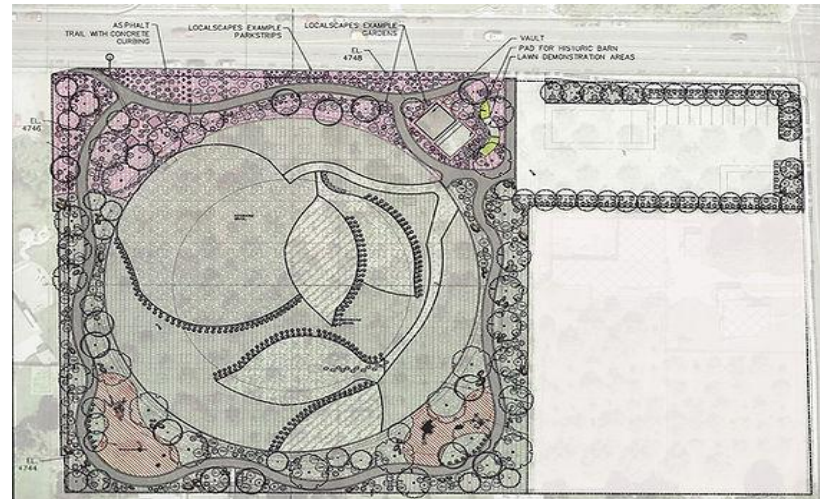
Personnel \$2,927,186

Operations \$14,916,003

Capital \$6,398,811

Water Source Fee for Jordanelle & Deer Creek is proposed to increase from \$3.77/mo. to \$4.06/mo. on a $\frac{3}{4}$ " meter (AWWA multiplier used for other meter sizes).

New State Regulatory Fee is proposed to be \$0.02/1,000 gallons per month.



Heritage Park Water Storage Tank

The water base rate on a $\frac{3}{4}$ " meter is proposed to increase to \$23.00 from \$21.81 (5.5% increase) and the Tier 1 usage rate is proposed to increase to \$0.93 from \$0.91 (2.2% increase) for FY 2026-2027.

Base rates for other meter sizes and usage rates for other tiers are also proposed to increase for FY 2026-2027.

Water Reclamation Summary

Fiscal Year	FY '25 Actual	FY '26 Est. Actual	FY '27 Proposed
Revenues	\$18,574,484	\$18,861,864	\$20,610,000

Personnel \$2,477,852

Operations \$6,493,588



The sewer base rate is proposed to increase to \$25.00 from \$21.82 (14.6% increase) and the sewer volume charge is proposed to increase to \$3.10 from \$2.73 (13.6% increase) for FY 2026-2027.

Capital \$11,638,560



Storm Water Summary

Fiscal Year	FY '25 Actual	FY '26 Est. Actual	FY '27 Proposed
Revenues	\$7,368,276	\$7,038,893	\$8,080,000

Personnel \$1,425,343

Operations \$2,166,427

Capital \$4,488,230

A 16.7% increase to the per ESU rate is recommended. This is an increase to the ESU to \$10.50 from \$9.00 per month.



Recreation Fund Summary

Fiscal Year	FY '25 Actual	FY '26 Est. Actual	FY '27 Proposed
Revenues	\$4,394,177	\$4,569,937	\$4,636,000

Personnel \$2,645,319

Operations \$1,845,681

Capital \$145,000



Annual membership prices will not change but daily admissions at the fitness center will increase to \$6.50 from \$6.00. This is the first increase in over three years.

Indoor Classes revenues are budgeted to grow by 10%.



Solid Waste Fund

Fiscal Year	FY '25 Actual	FY '26 Est. Actual	FY '27 Proposed
Revenues	\$5,632,784	\$5,470,000	\$6,045,000

Operations \$5,938,706

Capital \$106,294 (My Hometown Projects)



Solid Waste Rates

	First Can	Second Can	Recycle	Green Waste
FY '27 - Proposed	\$13.89	\$12.86	\$4.97	\$7.28
FY '26	\$13.55	\$12.55	\$4.85	\$7.10
FY '25	\$13.55	\$12.55	\$4.85	\$7.10
% Change – FY '27	2.5%	2.5%	2.5%	2.5%

Combined First can and recycling rate \$18.86 (a 2.5% increase)

Any changes in rates are pass-through costs due to our service contract with Waste Management of Utah.

Questions