PUBLIC FINANCE ADVISORS

OREM CITY

GENERAL FUND FINANCIAL SUSTAINABILITY PLAN

MAY 2026

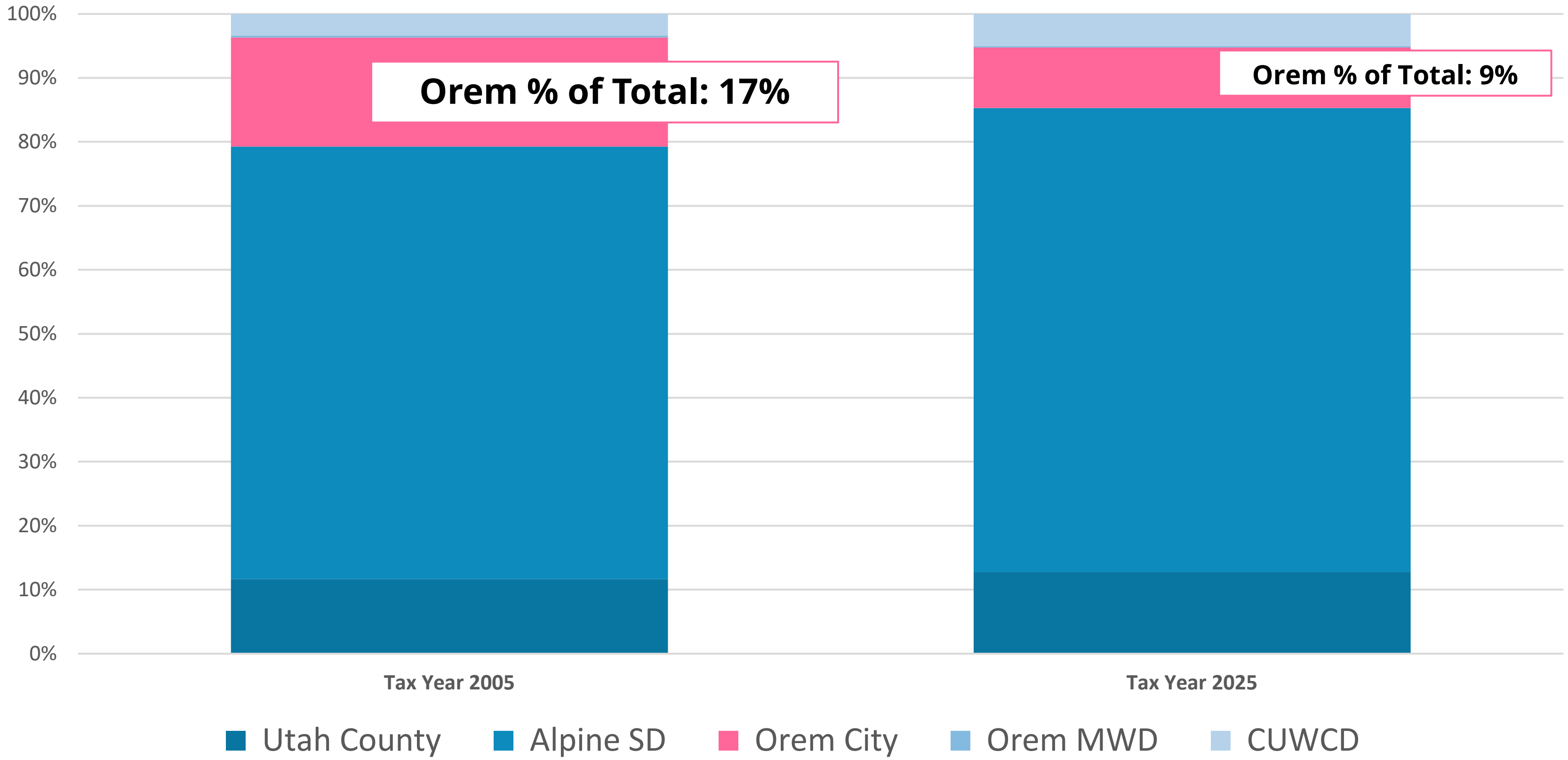
PURPOSE & PROCESS

- Long-Term Evaluation of Financial Sustainability
- Establish Fiscally Sustainable Policies
- Evaluate Impacts of Assumptions to Inform Decisions

PURPOSE & PROCESS

- Evaluate Sustainability on an Annual Basis
- Measure Effects and Reevaluate Policies
  - What are the Impacts of the Proposed 7% Increase
    - Important but minimal impact
    - Need to take continued action
    - Cost rarely go down

MEASURE BUYING POWER



MODEL ASSUMPTIONS

Assumptions allow for Forecasting

Annual Assumptions	2027	2028	2029	2030	2031
New Property Tax Revenues (Revenue Increase)	0.00%	0.00%	0.00%	0.00%	0.00%
General Sales and Use Tax & Transportation Sales Tax	3.00%	3.00%	3.00%	3.00%	3.00%
Franchise Tax	0.00%	0.00%	0.00%	0.00%	0.00%
TRT & Motor Vehicle	0.00%	0.00%	0.00%	0.00%	0.00%
Licenses & Permits	0.00%	0.00%	0.00%	0.00%	0.00%
Intergovernmental	0.00%	0.00%	0.00%	0.00%	0.00%
UTOPIA Rebate	7.00%	7.00%	7.00%	7.00%	7.00%
Other Fees	0.00%	0.00%	0.00%	0.00%	0.00%
Other Revenue	0.00%	0.00%	0.00%	0.00%	0.00%
Court Fines	0.00%	0.00%	0.00%	0.00%	0.00%
Interfund Transfers - Percent of Total Operating Expenses	6.00%	6.00%	6.00%	6.00%	6.00%
Personnel Expenditure Average Annual Growth Rate	5.0%	5.0%	5.0%	5.0%	5.0%
Sworn Public Safety Personnel Expenditure Average Annual Growth Rate	10.0%	10.0%	8.0%	8.0%	7.0%
Legal Personnel Expenditure Average Annual Growth Rate	7.5%	7.5%	7.5%	7.5%	7.5%
Operational Expenditure Average Annual Growth Rate	3.0%	3.0%	3.0%	3.0%	3.0%
Senior Citizens Operational Expenditure Average Annual Growth Rate	10.0%	10.0%	10.0%	10.0%	10.0%
City Recorder Operations (including election expenses)	3.0%	5.0%	3.0%	5.0%	3.0%
Capital Expenditure Average Annual Growth Rate	4.0%	4.0%	4.0%	4.0%	4.0%
General/Other Expenditure Average Annual Growth Rate	3.5%	3.5%	3.5%	3.5%	3.5%
UTOPIA Pledge Transfer	2.0%	2.0%	2.0%	2.0%	2.0%

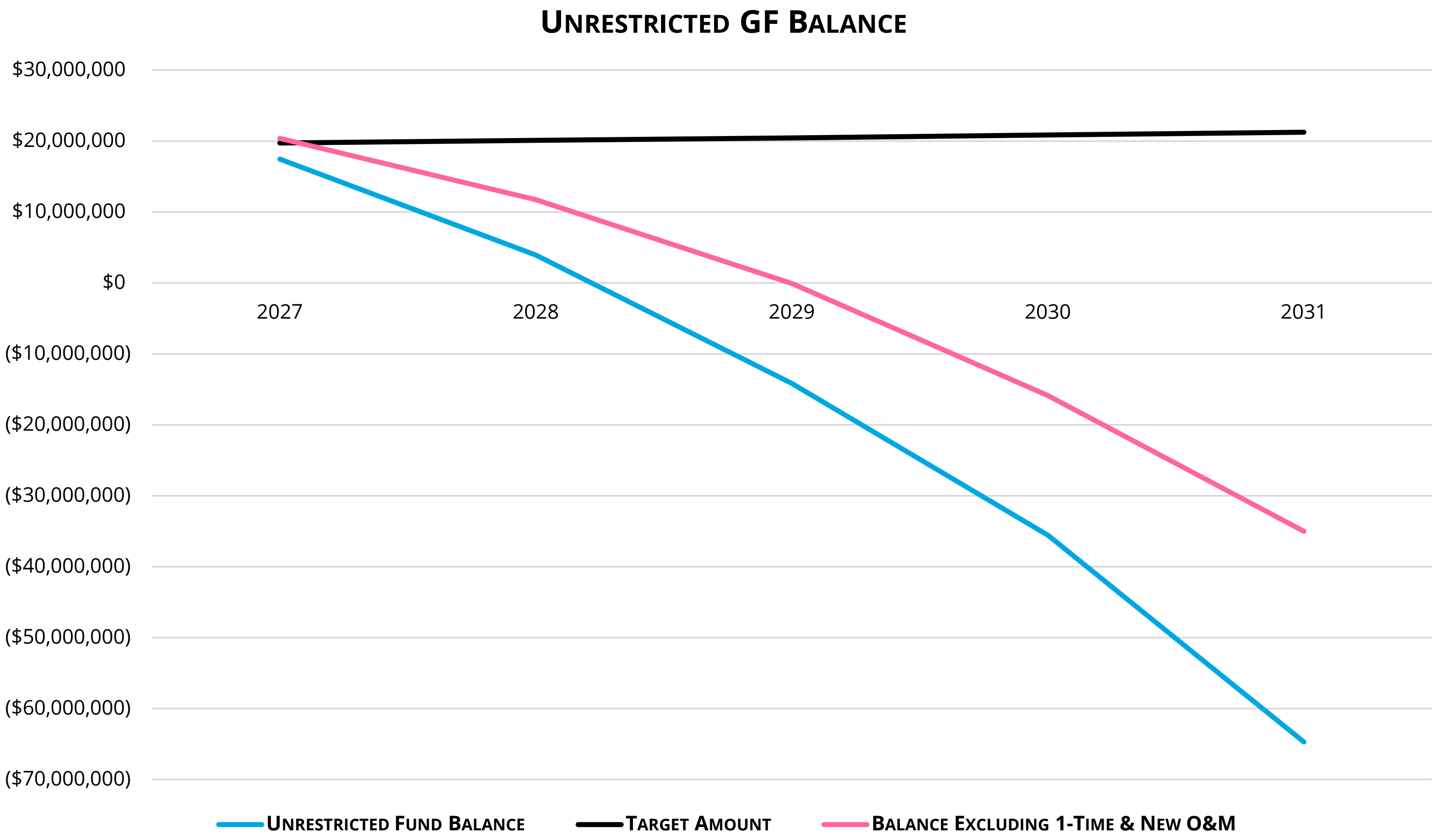
BASELINE SCENARIO

❑ Illustration of Trends

	2019-24 AAGR	2027-32 AAGR
Revenues		
Property Taxes - Current Year	-0.80%	0.49%
Sales Taxes	**6.91%**	**3.00%**
Franchise Taxes	2.20%	0.00%
Transient Room Taxes	8.76%	0.00%
Total Taxes and Special Assessments	**5.29%**	**2.09%**
Building and Business Service Charges	-20.81%	0.00%
Charges for Services	3.15%	0.00%
Fines and Forfeitures	1.41%	0.00%
Miscellaneous	23.84%	0.00%
Inter-fund Transfers	1.19%	6.14%
Grant Revenue	67.40%	NA
Total General Fund Revenues	**7.60%**	**1.82%**

	2019-24 AAGR	2027-32 AAGR
Expenditures		
Mayor and Council	**11.18%**	**3.78%**
City Manager's Office	**-8.76%**	**4.80%**
Management Services	**26.32%**	**6.81%**
Finance Administration	**3.08%**	**4.45%**
Legal Services	**5.19%**	**7.33%**
Community Development	**-2.83%**	**4.89%**
Police Department	**6.76%**	**6.70%**
Fire Department	**9.87%**	**7.00%**
Public Works	**5.09%**	**4.50%**
Recreation	**10.28%**	**4.62%**
Library Services	**1.38%**	**4.67%**
Non-Departmental	**1.27%**	**3.65%**
Cremation/Memorial Bond Payment (20 years)		**0.00%**
New Annualized O&M		**34.06%**
Special Assessments		**0.00%**
Total General Fund Expenditures	**5.25%**	**6.41%**

BASELINE SCENARIO



A LOOK UNDER THE HOOD

FINANCIAL TOOLBOX

- Sustainability Requires a Proactive Approach
  - Proactive Property Tax Policy
  - Strategic Bonding (likely Needed for Large CIP)
  - Alternative Revenue Evaluation
    - Comprehensive Fee Study
    - New Revenue Resources
      - Transportation Utility Fee

POLICY CONSIDERATION

- On March 24, 2026, the West Valley City Council approved a new annual property tax adjustment policy.
  - The Resolution
    - Acknowledges that the cost of City Operations generally increase over time and the CPI and MCI are credible measures of increased market costs of operation.
    - Establishes intent to raise the certified tax rate annually to meet inflationary costs.
    - Does not mandate or guarantee a tax increase.
    - Preserves full Council discretion each year.
    - Requires compliance with all Truth in Taxation laws.

POLICY CONSIDERATION

- Resolution Language

  - the City shall:

    In accordance with Utah's Truth in Taxation system , annually Adjust the Tax Rate based on the annual percentage change in the Consumer Price Index (CPI) or the Municipal Cost Index (MCI) as deemed appropriate by the City Council.

  - Maximum Adjustment Cap

    a. In no event shall this annual adjustment exceed three percent (3%) in any given year, regardless of the actual CPI or MCI increase.

    b. If the CPI increase is less than 3%, the adjustment shall be limited to the actual CPI percentage change.

QUESTIONS

Laura Lewis| Principal
Fred Philpot | Vice President/COO
LRB Public Finance Advisors
O 801.596.0700
lrbfinance.com

Lewis Young Robertson & Burningham is now LRB Public Finance Advisors