



## **CITY COUNCIL WORK MEETING**

Tuesday, July 19th at 5:30 PM

Court Room/Council Chambers (2<sup>nd</sup> floor) and Online

### **MINUTES**

Mayor Olson called the meeting to order at 5:30 p.m.

#### **ROLL CALL**

Councilors present included Councilors Adcock, Hathaway, Mecham, Montoya, and Siddoway

Staff members present included City Manager Norm Beagley, Assistant City Manager Jason Bond, Finance Director Shannon Hoffman, Police Chief Rodney Hurst, Recorder Amalie Ottley, Assistant Kathy Swenson.

Councilor Mecham led the pledge of allegiance.

#### **INVOCATION / INSPIRATIONAL THOUGHT**

An invocation was offered by Councilor Adcock

#### **DISCUSSION ITEMS**

##### **1. Economic Development**

Mayor Olson spoke about an upcoming Economic Summit meeting that he is holding to discuss economic opportunities in the city. The mayor is seeking input from local business owners in the area.

##### **2. Budget, Revenue, & Funding**

Mayor Olson and the council discussed a Salary Review report presented by Police Chief Rodney Hurst. The Salary Review report addresses significant and current needs in the police department. Mayor Olson commended the police department as they navigated difficulties during both the pandemic and recent economic inflation. Chief Hurst and the mayor both asked the council to review the report in order to discuss it more fully at a later time.

Manager Beagley and the mayor addressed tax revenue with regards to building permit numbers in the city as well as overall property taxes. Mayor Olson addressed the decrease in Mill Levy rates in recent budget years. At the Mayor's request, Manager Beagley stated that Santaquin City currently is a AA Credit Rated municipality. Mayor Olson spoke to recent issues with water pumps and the ability for the city to have back ups and a plan to move forward.

Councilor Mecham requested to have another budget session with city administration and staff to address budget needs and to plan for the future. Manager Beagley spoke to the current budget's capacity to plan for projected revenues and expenditures as revenues come in.

**3. Ordinance 07-01-2022 Land Use Tables & Definitions**

Councilor Siddoway inquired about storage units in the Main Street Business district zone. Councilor Mecham expressed his appreciation to Assistant City Manager Bond for the work put into clarifying the city code and corresponding land use tables. Manager Beagley spoke to the state mandated process in what is and is not required in the city's land uses. Councilor Montoya addressed the legislative process of the voting on items by the city council and planning commission. Mr. Bond asked the council to carefully consider the impacts of allowing or not allowing certain types of businesses in zones within Santaquin. Councilor Hathaway stated his desire to not restrict any of the current businesses in the Main Street Business District Zone or other zones in the city. Councilor Montoya inquired about business taxes on business such as storage units. Mr. Bond stated his desire to provide the most accurate and up-to-date information when code changes are presented to the council.


**4. Mayor Olson and Manager Beagley reviewed the upcoming Regular City Council Meeting Agenda.**

**ADJOURNMENT**

Councilor Montoya motioned to adjourn the Work Session Meeting. Councilor Siddoway seconded the motion.

Meeting adjourned at 6:40 p.m.

ATTEST:

  
Daniel M. Olson, Mayor  
Amalie R. Ottley, City Recorder



2022



# SANTAQUIN POLICE DEPARTMENT

# SALARY REVIEW 2022

Prepared by Chief of Police, Rodney Hurst  
Santaquin Police Department  
Last Revision: July 15, 2022

For questions regarding this content, please contact  
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## Preface

The purpose of this document is to help readers understand the current crisis in which we find ourselves regarding police officer recruitment and retention. The following will be a brief history of the forces that drive or have driven law enforcement wages to the point where they are no longer sustainable using current management models, practices, and beliefs. After a review of the facts and information provided, possible solutions are recommended to help our police department remain competitive in wages to prevent the continual loss of employees. Understanding the mechanism and what forces are in play will allow for an accurate decision to be made based on first principles.

"I skate to where the puck is going to be, not where it has been."

- Wayne Gretzky

## History

Around 2005/2006, via the Layton City Manager, objections began to surface about retired police/fire employees "double-dipping" in the retirement systems. Utah Senator Daniel Liljenquist later sponsored the legislation, which subsequently changed the Utah Retirement System (URS) from a Non-Contributory (Tier I) to a Hybrid or Defined Contribution (Tier II) retirement system. Despite strong objections from law enforcement regarding future recruitment, the legislature passed the bill with unanimous support from the Utah City Managers Association and the Utah League of Cities and Towns (ULCT).

The following excerpt is from a policy brief published by the ULCT:

*"In the 2010 General Session, S.B. 63 passed, creating the New Public Safety and Firefighter Tier II Retirement system that applies to new public safety hires after July 1, 2011. The new system moved from a defined benefit for the retiree to a defined contribution by the employer. This was an effort to create **long-term sustainability** for the State retirement system and provide more planning certainty for the State and local government. With the passage of S.B. 63, employees hired after July 2011 receive a less substantial retirement. Under the Tier I retirement program, a public safety employee can retire after 20 years of service with 50% payout of the employee's three-year average. An employee under the Tier II Hybrid system would have received 37.5% of the five-year average of the employee's salary after 25 years. While the new system is moving the retirement system to **long-term sustainability**, it has created a division between Tier I and Tier II public safety employees. The perception is employees hired after July, 2011 are required to do the same amount of work at the same level of risk but the retirement is not equitable. **Representatives within the public safety sector attribute this difference in benefit as part of an overall recruitment and retention issue.**" (Utah League of Cities and Towns, 2019)*

After many failed attempts, and consistent opposition from ULCT, in 2020, the legislature walked the Tier II Hybrid pension back to 50%, but 25-years of service is still required. This change is not retroactive to employees who came into the URS system between 2011-2020 (Utah Retirement Systems, 2020). Therefore, a generation of public safety employees are caught somewhere in the middle of two different retirement rates. To illustrate this point, some sample



calculations are found below. Please keep in mind, that this is simply a hypothetical example to demonstrate the difference in plans.

Before 2011

Tier I Retirement (20 yrs)  
Avg. of \$77,000/yr  
@ 50% = \$38,500/yr  
= \$3,208/month

2011-2020

Tier II Retirement (25 yrs)  
Avg. of \$77,000/yr  
@ 37.5% = \$28,875/yr  
= \$2,406/month

After 2020

Tier II Retirement (25 yrs)  
Avg. of \$77,000/yr  
@ 50% = \$38,500/yr  
= \$3,208/month

For simplicity's sake, the example above starts with an average salary of \$77,000/yr at the time of retirement for all three scenarios. You will find that an individual that entered the retirement system between 2011-2020 would have to work **5 years longer** (25 years) than someone before 2011 (20 years), and they would bring home approximately **\$800 less** per month (\$2,406/month vs. \$3,208/month). You will also see that an individual that entered after 2020 (when they moved the rate back to 50%) will have the same monthly income as a retiree before 2011; however, they would have to work a whole five (5) years longer to receive that same amount (\$3,208/month).

We understand that it is likely the individuals having to work the additional five (5) years would naturally have a higher average salary at the time of retirement. With that in mind, please consider the example below.

2011-2020

Tier II Retirement (25 yrs)  
Avg. of \$88,000/yr  
@ 37.5% = \$33,000/yr  
= \$2,750/month

Even with an average salary of \$88,000 at the time of retirement, these individuals still bring home less than the Tier I retirees at 20 years who began retirement with an average of \$77,000 (\$2,750/month vs. \$3,208/month). The change in 2020 was a step in the right direction; however, those stuck in the middle remain at a significant disadvantage.



It is common for many retired law enforcement officers to seek out other forms of employment. Surprisingly, Utah Transit Authority Police Department (UTA) is not a member of the Utah Retirement System (URS). Therefore, UTA Police actively or rather almost exclusively recruit **Tier 1** police officers. Thus, the newly *retired* officer can collect his URS pension and remain employed in law enforcement. This is also true of any other private law enforcement agency, i.e., BYU, University of Utah, etc. (Utah Transit Authority, 2022).

It is also worth noting that Tier I police employees receive a **2.5%** cost-of-living adjustment (COLA) post-retirement. Tier I firefighters receive **4%** COLA post-retirement. **Legislators** receive **4%** COLA post-retirement (Utah Retirement Systems, 2021-22). Current Tier II police and fire employees receive **2.5%** post-retirement. (Utah Retirement Systems, 2021-22)

### **Creation of New Police Agencies**

Herriman City - October 2018

Riverton City - July 2019

Taylorsville City - October 2020

When elected officials decide to form their own law enforcement agency, the agency's formation requires substantial investment. A government organization cannot build a law enforcement agency with recruits. All personnel from the administrative structure down to the patrol operations require veteran experience, and experience comes with significant personnel cost. In order for the new agency to attract and subsequently hire the required staffing, the wages must be 20-40% higher than the current market value.

The inflated salary entices many veteran officers to accept positions within this newly formed agency. For instance, Herriman City preyed on the Utah County Sheriff's Office (UCSO) to staff several full-time positions in 2018, resulting in several full-time patrol positions opening within UCSO, wherein two Santaquin officers transferred. Riverton City successfully recruited several Provo City officers, wherein two former Santaquin officers were also hired.

Unfortunately, the impact the newly minted police agencies will ultimately have on city staffing levels is severely underestimated. As you can see above, three (3) new agencies have been formed within the last four (4) years. At some point, Eagle Mountain is likely to create its own law enforcement agency. When this happens, it will significantly impact law enforcement agencies in Utah County (Eagle Mountain City Administration, 2020). Understanding the ripple effects caused by newly minted police agencies is essential.

### **2020 Public Disorder and Current Market Conditions**

Although probably forgotten, the public disorder occurring in 2020 is well documented. The law enforcement officers who retired or simply decided to make a career change as a result aren't so widely publicized.

The following comes from a study published on the URS website in August of 2020:





*"Additionally, it is uncertain how retirement and turnover behavior may change during the next year. Some active members may choose to retire due to health concerns while others may continue to work due to uncertainty in their retirement readiness because of the financial market turmoil. Similarly, we would expect voluntary turnover to decrease due to a decrease in alternative employment opportunities, but there could be an increase in involuntary turnover due to a decrease in employer budgets. Similarly, if government budgets are constrained, we would expect salary increases for individual members to be depressed for the next few years (similar to what URS members experience for several years following the 2008-2009 financial collapse)." (GRS Consulting, 2020)*

Based on the above statement, it appears URS advisors don't fully understand or are ignorant of the labor market. Hindsight is always 20/20, and the above-listed report was made during the midst of the 2020 public disorder. It is unfortunate their report is only generated every three (3) years. It's hard to predict the future, but since this report, our state has experienced a mass exodus of officers retiring or resigning from agencies everywhere.

### **Bold Market Adjustments**

The following citations are from recent articles on market adjustments made by law enforcement agencies in Salt Lake Valley, which have caused a trickle-down effect in Utah County.

#### **Salt Lake City Police Department**

Deseret News article dated August 3, 2021:

*"The police department saw the departure of 57 officers, 67% of whom quit. In 2019, the agency saw 38 officer retirements or resignations." (McKellar, 2021)*

*"Salt Lake City Mayor Erin Mendenhall announced a 30% pay raise for entry-level Salt Lake police and a 12% increase for senior-level officers — a move the mayor called a "bold market adjustment" to make the capital city's department a competitive agency that doesn't keep losing officers." (McKellar, 2021)*

#### **South Salt Lake Police Department**

The City Journals – South Salt Lake's Own Community Newspaper dated August 23, 2021:

*"Market conditions*

*The first domino fell earlier this year. In July 2020, Taylorsville decided to stand up its own police department. Taylorsville used the funding they were paying into the Unified Police Department. The funding allowed Taylorsville to offer a \$10,000 pay increase for entry-level to senior officers compared to most pay scales across the valley.*

*SSLPD lost two officers to Taylorsville. However, with the pay increase, one officer has returned to SSLPD.*

*Within a month, Salt Lake City P.D., who have lost 63 officers since last summer, announced a nearly 30% pay increase for entry-level officers and 12% for senior officers.*





*"I don't know about you, but I'm tired of training people—paying to have them trained and then having them poached by other cities," Salt Lake City Mayor Erin Mendenhall said in a Deseret News article.*

*West Valley City P.D. quickly followed, offering \$27.15/hr. to \$28.50/hr. (\$56,472 to \$59,295) depending on shift for entry-level officers. All officers received similar increases.*

*Within a week, South Jordan approved an increase to \$27.04/hr. to \$28.41/hr. (\$56,243.20 to \$59,092.80) depending on shift for an entry-level officer. Again, they increased pay across all officers.*

*To counter officers leaving, West Jordan also provided similar raises. However, each agency is down officers, so it is common for officers to seek greater pay.*

*"We're responding to a market condition out there that didn't exist six months ago," Kyle Kershaw, finance director, said. "There's a shortage of employees right now in law enforcement. So that's what's driving this now." (Hardesty, 2021)*

This type of activity has much the same impact or ripple effect as the creation of new law enforcement agencies. Often, these predictors are missed early on, thus forcing us into these crises. Suppose we are not innovative and proactive in our approach to recruiting and retaining employees. In that case, we will continue to lose great employees simply because we are not paying fair market value.

## Santaquin City Practice

Historically, Santaquin City has compared salary evaluations by pulling pay scales from select neighboring jurisdictions and or communities similar in size/budget. In theory, this isn't necessarily a bad idea if used as a tool, but not the only tool. Furthermore, pay scales are essential, but departments vary significantly in the dollar amount within the pay scale the agency is paying. For example, Payson Police Department recently posted a job announcement for a category one police officer. The posted salary range is "\$26.70 to \$40.05 per hour depending on qualifications. Hiring Range is typically \$26.70 to \$33.37" (Payson City, 2022). The table below shows actual wages in the Payson Police Department as of July 1, 2022, according to Payson Chief Brad Bishop.

### Payson Actual Hourly Wages

\*As of July 1<sup>st</sup>, 2022

<b>STARTING:</b>	\$26.70	<b>10+ YEARS:</b>	\$38.16
<b>0-1 YEARS:</b>	\$27.08	<b>CORPORAL STARTING:</b>	\$40.45
<b>1-3 YEARS:</b>	\$27.89	<b>SERGEANT 0-3 YEARS:</b>	\$41.86
<b>3-6 YEARS:</b>	\$29.59	<b>SERGEANT 3-5 YEARS:</b>	\$42.86
<b>6 YEARS:</b>	\$31.05	<b>LIEUTENANT:</b>	\$54.59
<b>7-10 YEARS:</b>	\$34.59 (approx.)		



Comparatively, a Santaquin Police Officer would likely be between \$26-\$27 hourly within 9-years, notwithstanding any promotion or accelerated adjustment (based on 4% annually).

Santaquin City has set its pay scale with a goal of mid-point in 9-years for all employees. Mid-point is never reached in the police department without some form of accelerated adjustment within those 9-years. The reason for this is three-fold: 1-the law enforcement market is accelerated beyond what is budgeted annually. 2- COLA adjustments are always one year behind current data; merit increases can be as much as 17-months delayed. 3- Using pay scales as a stand-alone tool generates outdated, inaccurate data.

## **Benefits**

Insurance programs vary significantly from one organization to another. It would take a significant amount of resources to compare apples to apples. Some are funded 100% for a traditional plan, and some are funded 95/5 or 90/10. Many have a high/medium deductible plan but provide the employee deductible in a health savings account (HSA) plan. From what information is ascertainable, it appears that Santaquin City is in the middle of the pack on a traditional insurance plan.

Santaquin City does offer a Tier-2 parity 401K contribution. The difference in cost between the Tier 1 and Tier 2 URS contribution made by Santaquin City is paid into a 401K for the Tier 2 employees. This contribution initially started around 10.2% but has been reduced to approximately 6.2% due to an increased URS employment tax. Only one other police agency in this area offers this benefit (Saratoga Springs).

Much like the URS 401K option, one must be cautious when comparing insurance and additional retirement benefits. Several Utah County agencies are self-insured and do not contribute to social security. Thus, they sell the idea that the organization is offering a more significant benefit to the employee than what is typically considered a traditional pension.

## **Other Benefits**

Many agencies, i.e., Springville, Utah Highway Patrol (UHP), Provo, Lone Peak, and likely others, offer anywhere from \$1,500-\$10,000 signing bonus. Provo will even pay a \$500 recruitment bonus to any Provo officer who successfully recruits a lateral transfer from another agency. (Provo City, 2022)

In addition, many agencies offer free or reduced rates on golf or recreation pass, wellness programs, paid physical fitness time, shift-differential, educational bonus, tuition reimbursement, etc.

Santaquin City does not have the facilities to make these offers. There is a tuition reimbursement in the policy manual, but it is limited to the funding available in the police training budget. We start the officer at a slightly higher wage if they have a degree, but it is not a stipend or monthly bonus.





## Training Cost

An uncertified police applicant takes six months to train from the day they enter the academy until they are answering calls for service on their own. The wait time to receive a training slot in Utah Peace Officer Standards and Training (POST) is typically about 3-months (9-month total wait period). Therefore, Santaquin City is paying an employee for a minimum 6-month period with no guarantee they will graduate or make it through field training. After wages and benefits, it is essentially a \$61,500 unsecured tuition payment by the City with no guarantee that they will remain with the agency for a certain period of time. Thus, many agencies see the bonus program as an acceptable risk. Some agencies also require the new hire to sign a contract, committing to stay for a certain amount of time before leaving the agency, or they will have to pay back to the City a specific amount.

Comparatively, a lateral transfer from a Utah agency costs Santaquin City a few weeks of field training. An out-of-state LEO-certified applicant takes a little more time to pass the waiver exam, but the cost to Santaquin City is minimal.

Below is an example of our investment since 2014; with two officers pending completion of the academy and/or field training.

<u>Officer</u>	<u>Training Cost</u>	<u>Current Hourly Wage</u>
<i>Kayson Shepherd</i>	<i>100% entire cost</i>	<i>\$25.67hr</i>
<i>Austin Lerwill</i>	<i>100% entire cost</i>	<i>\$25.17hr *June evaluation</i>
<i>McLane Beckstead</i>	<i>75% cost – SFO cert</i>	<i>\$24.75hr</i>
<i>Tyler Moos</i>	<i>75% cost – SFO cert</i>	<i>\$23.21hr *Field Training not complete</i>
<i>Braydon Golding</i>	<i>100% entire cost</i>	<i>\$22.07hr *Start date July 11, 2022</i>
<b><i>Vs.</i></b>		
<i>Bill Hooser (NM)</i>	<i>3-year lateral transfer</i>	<i>\$30.57 7-years of experience (Corporal)</i>
<i>KC Lowham</i>	<i>6-year lateral transfer</i>	<i>\$29.48 9-years of experience (Corporal)</i>
<i>Cody Tipler (NM)</i>	<i>5-year lateral transfer</i>	<i>\$29.43 7-years of experience (Master Officer)</i>
<i>Justin Miller</i>	<i>less than 1-year lateral</i>	<i>\$25.67 3-years of experience *\$3500 to Salem</i>

There are pros and cons to hiring a lateral transfer versus starting fresh with a new candidate. Although the cost is significantly lower to hire a lateral transfer, there lies a potential risk in the possibility of them bringing unwanted habits with them. With this in mind, a cost analysis or return on investment should be considered during the decision-making process.





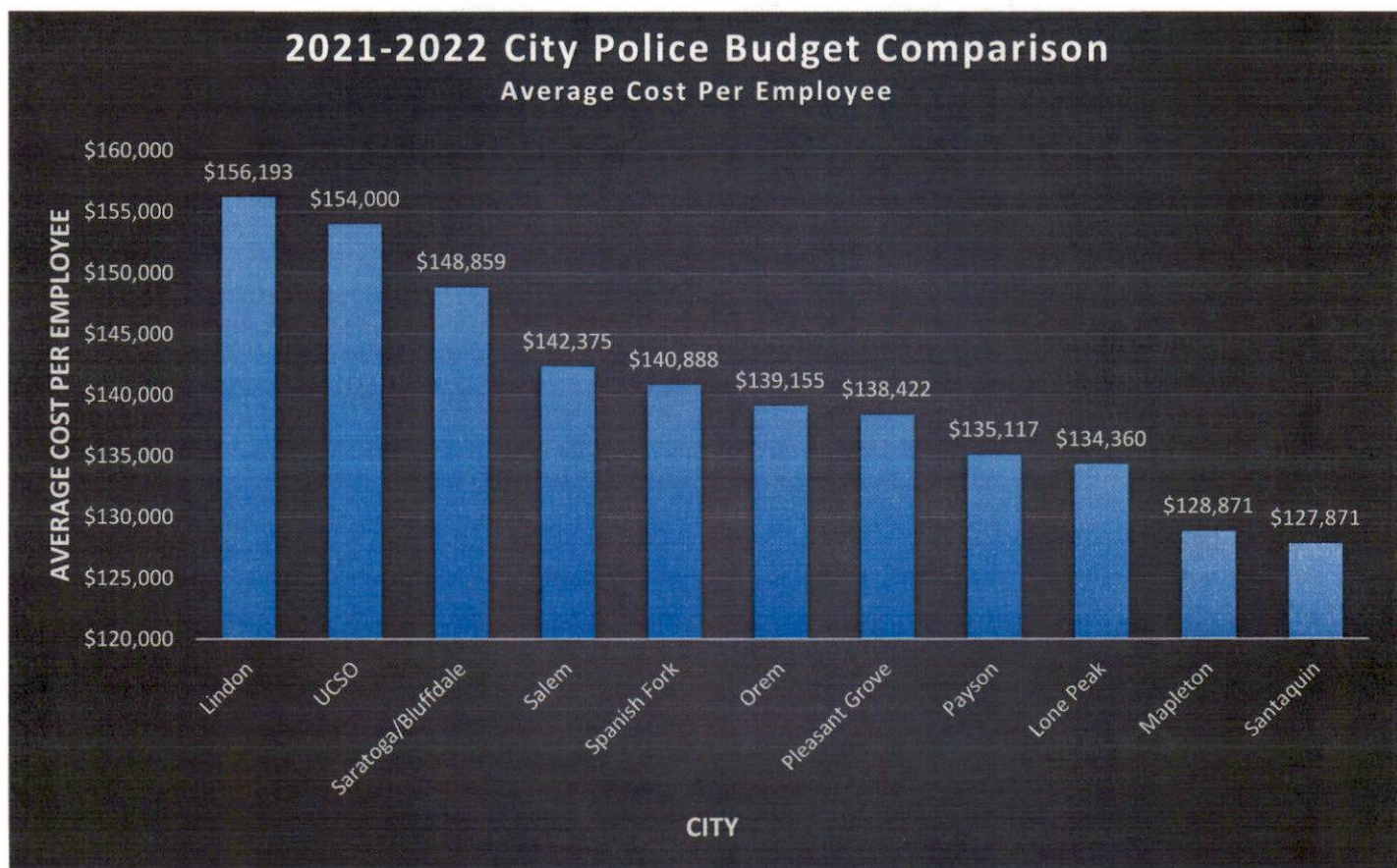
## Agency Losses

Santaquin City has lost police officers to the following departments since mid-2014:

- Utah County Sheriff's Office x2
- Juab County Sheriff's Office x1
- Provo City Police Department x2
- Utah Highway Patrol x1
- Utah Division of Wildlife Resources x1
- U.S. Marshall's Office x1
- Retirement x1 (x2 in Jan. 2023)

## Cost Per Employee

Below is a graph displaying approximately how much each agency spends per full-time employee in the law enforcement agency, including support staff. Each organization has its nuances in each respective budget, but overall, the per capita cost or spread remains the same.

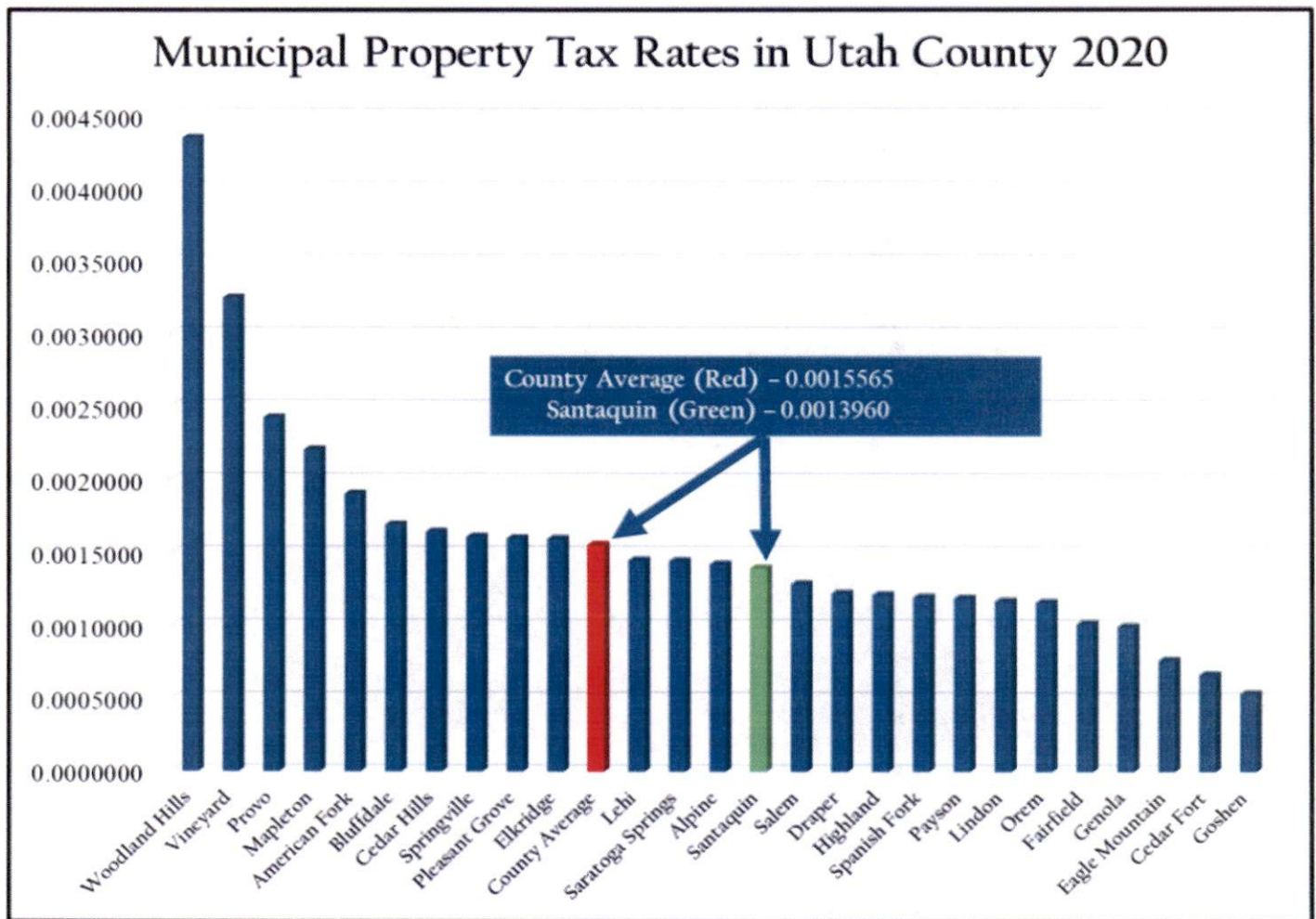


\*Figures above are based on each City's police budget (as published on each respective website) divided by number of full-time employees in each department



## Tax Rate

It would be easy to think to ourselves, "This is only Santaquin..." or "We don't get 'ABC' in the public sector." But this kind of mindset can be dangerous and could potentially stunt our growth as a city. On the following page is a graph of the city tax rate compared to the rest of Utah County, as displayed in Santaquin Resolution 06-08-2021, Adoption of the final FY 2021-2022 Budget (Santaquin City, 2021-2022). As you can see, Santaquin residents pay a higher property tax than nearly half of Utah County, including Payson, Spanish Fork, Salem, and Orem, among others.



\*The graph above was pulled from Santaquin City's final FY 2021-2022 Budget posted on [www.santaquin.org](http://www.santaquin.org)

## Sales Tax

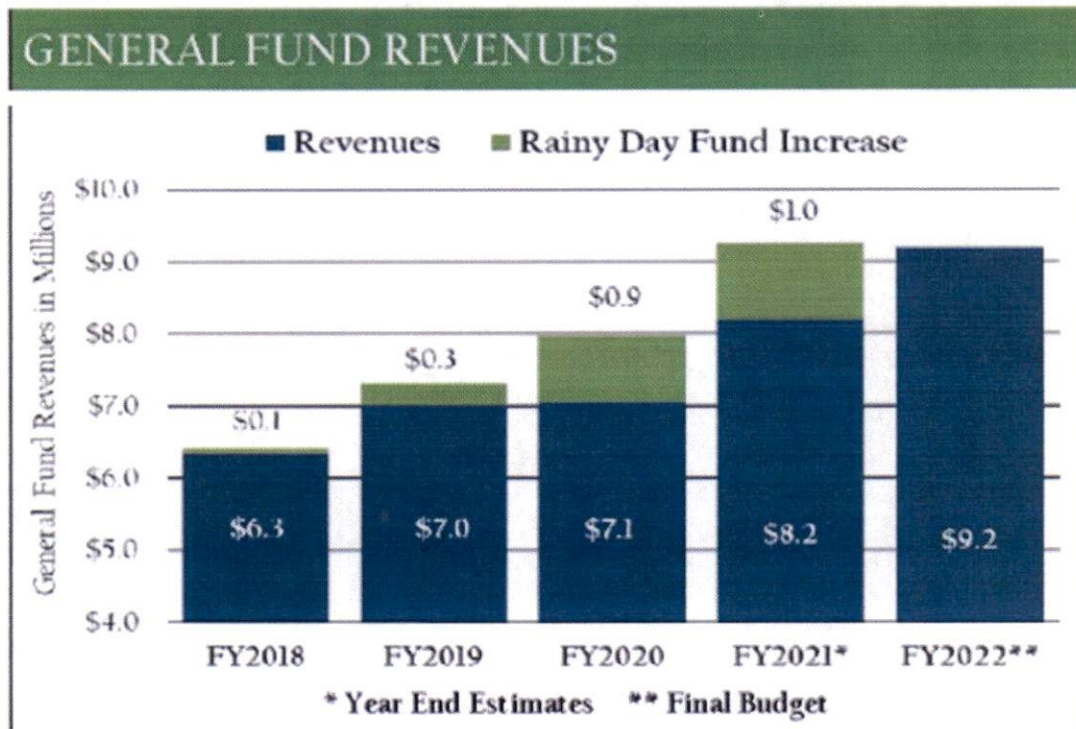
Not only are our residents paying higher property taxes than many competing cities, our sales tax revenues have increased substantially, even throughout the pandemic. In the Santaquin City final FY 2021-2022 budget report it states, *"During the pandemic, sales tax revenues climbed*





*approximately 22% and building permits grew by a similar margin demonstrating an increase of economic activity in the City." (Santaquin City, 2021-2022)*

Also found in the City's final FY 2021-2022 budget report is the following graph, which shows our general fund revenues are at an all-time high, with our rainy day fund at the max limit.



## Wage Scale for Utah County Law Enforcement Agencies

As mentioned previously, wage scale comparisons are often conducted to gauge where an agency may be in relation to other agencies. However, caution should be exercised when using salary ranges as a stand-alone tool. The actual salaries being paid within the range and/or the advertised salary often differ from the technical *range scale*. For example: Nephi City advertised an entry-level position on April 28, 2022, with a salary range of \$24.75-\$30.22, although their published pay range for that position is technically \$23.34-\$28.51.

The following pages contain officer wage comparisons, including minimum and maximum ranges for surrounding agencies. The graphs are in order of Officer I (equivalent to our entry-level officer), Officer II (equivalent to our master officer), Officer III (equivalent to our corporal), and finally, the sergeant wage comparison. Please note that Salem's wages are currently under review, with a Truth and Taxation set for August 2022.





## Officer I Starting Wage Comparison



## Officer I Maximum Wage Comparison







## Officer II Starting Wage Comparison



## Officer II Maximum Wage Comparison







## Officer III Starting Wage Comparison



## Officer III Maximum Wage Comparison







## Sergeant Starting Wage Comparison



## Sergeant Maximum Wage Comparison







## Summary

It is our hope that the information provided paints a clear picture of where our police department lies in comparison with many surrounding agencies and the competitive war of wages we currently find ourselves in.

Money is not always the most critical factor in employee retention. Culture and 'first principle-based leadership are equally as crucial as the hourly wage. However, the employee will explore other options when the gap between culture and money gets wide enough. \$10,000 more a year with a simple uniform change will buy a certain degree of loyalty.

The City's general philosophical approach toward law enforcement market wage rates must mature and evolve into a realistic approach. Former State Senator Daniel Liljenquist was reasonably accurate in 2016 when he said:

*"The biggest single reason that Police Chiefs can't find qualified applicants for their police officer jobs is that wages for police officers are way, way too low; Wages are too low because over 40% of a police officer's pay goes to pay for pension costs."*  
(Liljenquist, 2016)

This statement was made pre-Covid, and long before the creation of the new police departments cited above. This was a predictable outcome, and ULCT and the UCMA acknowledged as much in the early talks of revamping the URS system. The Great Financial Crisis of 2009 suppressed all labor markets for 3-4 years. Covid-19 likely accelerated the inflationary nature of the law enforcement market wages, but this specific labor issue has been gaining velocity for a decade.

We are currently down two police officer positions at the time of this writing. The next available POST academy class is August of 2022, with an on-street availability time of February 2023 (6 class slots left). The next available date is Dec. 2022, with an on-street time of May 2023.

Understaffing forces a reduction in services to the residents. The reductions will likely be as follows: proactive traffic enforcement, zoning enforcement (animal control/nuisance/land use/signage/etc.), community-oriented policing (OHV shifts/K9 demonstrations/DARE/bike rodeos/internship classes), minimum property loss to warrant an investigation (felony only). Some responsibilities could potentially be reassigned to other departments.

Although the labor shortage is likely to impact other departments, law enforcement must be evaluated independently of all other city departments. The applicant pool is at an all-time low, and with future generations raising smaller families, the applicant pool will likely not regenerate at previous levels. Attracting and retaining the right employee(s) for the Santaquin City Police Department is challenging on a level playing field but extremely difficult under the current competitive economic conditions set forth.

## Recommendations

The question of *"What can we afford?"* will most likely come first in your mind. May I suggest the first question you ask to be, *"What do we, as the elected officials, feel are essential services,*



*and what level of essential service is important to the residents?"* These choices need to be made by the people's representatives.

The affordability or overall costs should be scrutinized expeditiously, and all potential funding options should be open for an honest discussion. To keep us somewhat competitive with surrounding agencies, a 20% hourly increase is necessary, from the sergeant level down to the support staff, emphasizing tier-II employees.

A 20% increase only makes us competitive on the salary. Innovation and embracing the generational needs of employees will be crucial to continued success.

I will attach an appendix of unvetted funding options. Some options will be department-specific, and others will carry a city-wide impact on benefitted employees. I would view the options with extreme caution, as they have not been explored for sustainability or actual fiscal impact.

Thank you for your time and consideration.

Sincerely,

Rodney Hurst, Chief of Police

Santaquin City Corp.

*"Public Safety and Public Works are the only essential services in any City. All the rest is support staff."*

-Former Mayor/Councilman Keith Broadhead





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## APPENDIX A: Potential Funding Sources

The total cost to fund a 20% increase will be about \$235,000 (30%). This figure does not include the support staff or the chief of police. I don't know if 20% is market applicable to the support staff, but it should seriously be considered.

### Tier II Parity:

When the police department has a vacancy, the City doesn't know if we will hire a tier I or tier II employee. Therefore, the City budgets for a tier I employee. The difference in retirement costs from Tier I to tier II is 5.62%. The Tier I employee receives a more significant URS retirement benefit than a tier II employee. Thus, the remaining 5.62% that was budgeted for the possibility of a tier I hire is deposited into a URS 401K for each Tier II, public safety employee.

The approximate yearly cost for all tier II parity is about \$24,500. I would consider reallocating this parity benefit and paying it directly to the employees. The employee still has the option to place the same amount of pre-taxed income into their URS 401K. This option provides the employee with a more liquid form of income.

\*NOTE: When the City started this program, as an incentive to attract a better-quality applicant, the amount was 10.2%. Over the last several years, the URS tax increases have taken nearly 50% of the benefit. At one time, this was a valuable tool for recruitment.

I would add a caveat to this potential funding source; I would not incorporate this funding source unless the City is all-in on the actual market value.

No additional cost to the City.

### Employment Contracts:

If we elect to hire and send an employee to the police academy, there should be some form of an employment contract. The typical agreement is a 24-month prorated contract. This form of the employment contract would require the recruit, should they decide to leave Santaquin prior to the designated time frame, to reimburse some or all of the employment costs back to the City.

No additional cost to the City

I would also consider purchasing employment contracts if we elect to hire an employee who is under contract with another agency. This form of employment contract would contain the same stipulations as stated above.

The cost to the City would vary depending on the contractual agreement and the amount of time left on said agreement. However, the amount would be significantly lower than sending an applicant to the police academy.

**Police Vehicle Purchases:**

I have not ordered new vehicles for the current fiscal year (FY2022-2023). The window for ordering new police vehicles is said to be opening at the end of July 2022. A temporary funding option would be to order fewer or no vehicles for the FY2022/23. I would not recommend this as a long-term solution, but it should be considered this year.

**Recycled Police Vehicles:**

I don't know how many former police vehicles we have in the City fleet, but I do know some of these vehicles see minimal usage. I presume we are still paying insurance and maintenance on these vehicles. I would recommend an inventory of all former police vehicles and liquidating the unnecessary vehicles annually.

As an example, if four new police vehicles are purchased annually and if the four rotated out (older) police vehicles are resold, rather than repurposing in different city departments, and using a conservative estimate of \$15,000 resale value for each vehicle sold, this could provide for the cost of almost one of the new police vehicles annually (4 vehicles x \$15,000 → \$60,000).

**Genola City:**

As illustrated previously, Santaquin City spends about \$128,000 (FY2021-2022) per full-time employee. The contractual agreement with Genola is currently \$104,662.24 annually (FY2022-2023). The agreement is for 40 hours of live coverage with a 24-hour response. Genola accounts for 7.4% of officer and public generated police activity and pays for 4.1% of the total FY2022-2023 budget. Genola residents are currently paying approximately \$49.00 per hour for live coverage, excluding the convenience of having 24-hour immediate police response. Santaquin residents pay approximately \$63.00 per hour for the same service.

We have a great relationship with Genola, so I would proceed with caution, but the contractual agreement may want to be modified to reflect the actual cost.

**Overtime:**

For every hour of overtime on an event, such as the City celebration (event parking), there is a cost to the City of about \$750 per hour for the police department to direct vehicle parking. The payroll increase in the celebration pay period is \$12-\$15,000 annually. Acquiring additional parking space that didn't require significant police staffing or contracting this service out could save several thousand dollars annually.





### Cost of Living Adjustment:

As previously mentioned, the Cost-of-Living Adjustment (COLA) is based on the previous calendar year and distributed the following calendar year, a 12-month waiting period. The CPI is released year over year by quarter. We know what the CPI will be from March to March v. Jan to Dec. For example, The Jan-Dec 2021 CPI was 4.7%. The CPI for March 2021–March 2022 was 6.5%, less food, and energy, according to bls.gov. This could be factored into the CPI rates in time for budget adjustments. 4.7% is currently budgeted and should be disbursed in Jan 2023.

Interestingly, the Social Security Administration increased benefits in December 2021 by an additional 1.2% above the year-over-year CPI.

*Dec 2021 - Social Security increase 5.9%*

*June 2022 Consumer Price Index year over year – 5.9% less food/energy. 9.1% with food/ energy – the highest since 1981.*

Including the first quarter of the calendar year into projected budgets may help with the delayed market reaction that is ultimately reflected in pay scales.

### Tax Rate:

This will undoubtedly be the most unpopular option, but additional property taxes should be considered to fund all public safety operations.

### Employee Offset:

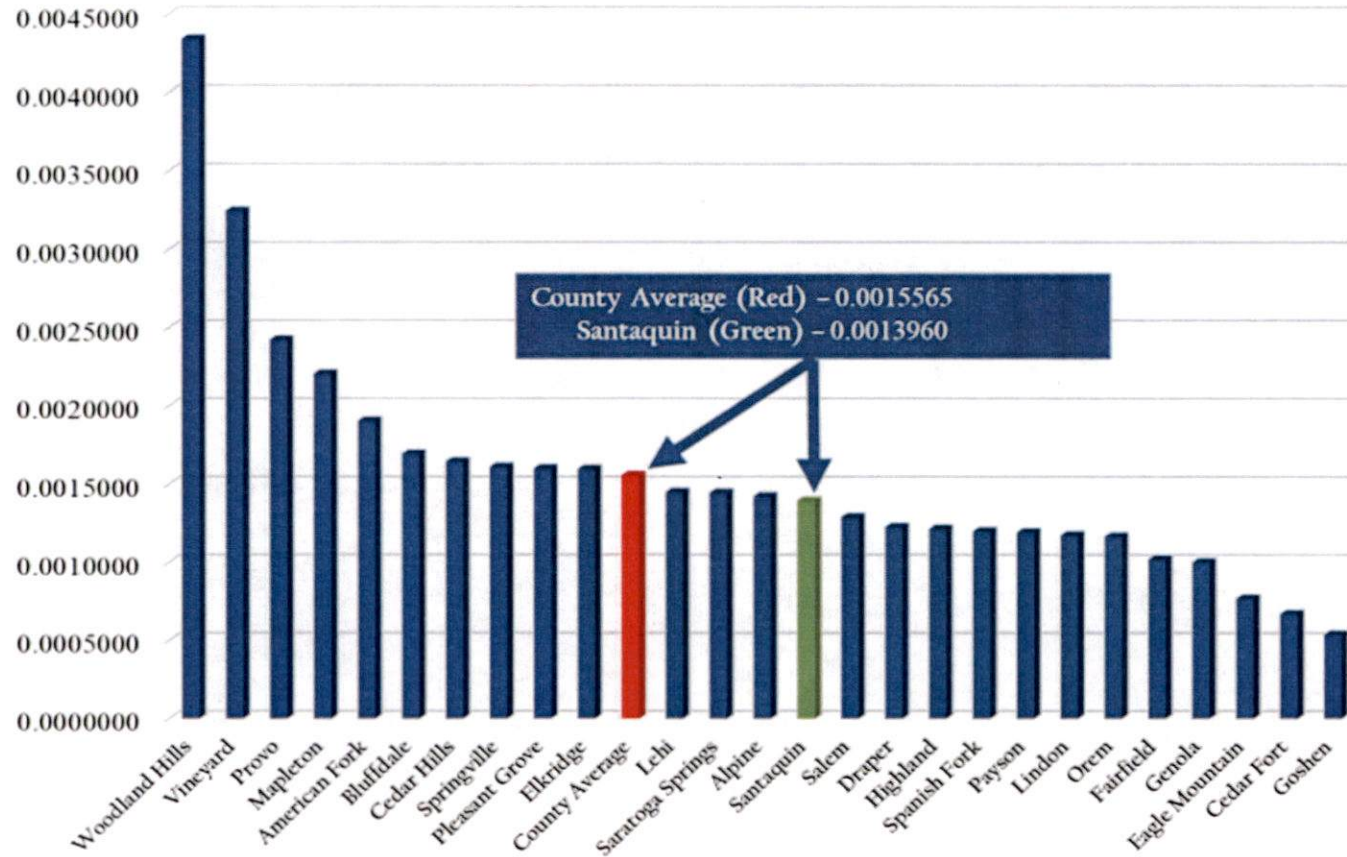
Based on FY2021-2022 projected budget numbers, for every month a position is vacant, there is an additional \$10,600 per month that is not expended.

### Summary:

If I were the sole decision maker, I would only buy two new vehicles instead of four in FY2022-2023, add tier II parity, issue the COLA, and add the offset of \$10,000 per month per employee for every vacant position. This should get us close to the short-term goal. If 20% were immediately distributed, the 2023 COLA increase would not apply to the employees who receive said increase.

As stated in the original report, these are potential short-term funding sources to be considered. Long-term solutions will take more time and in-depth analysis. This appendix is not all-inclusive or exclusive, and not all of the statements in this **appendix** have been thoroughly vetted or otherwise verified by a third party for accuracy.

## Municipal Property Tax Rates in Utah County 2020

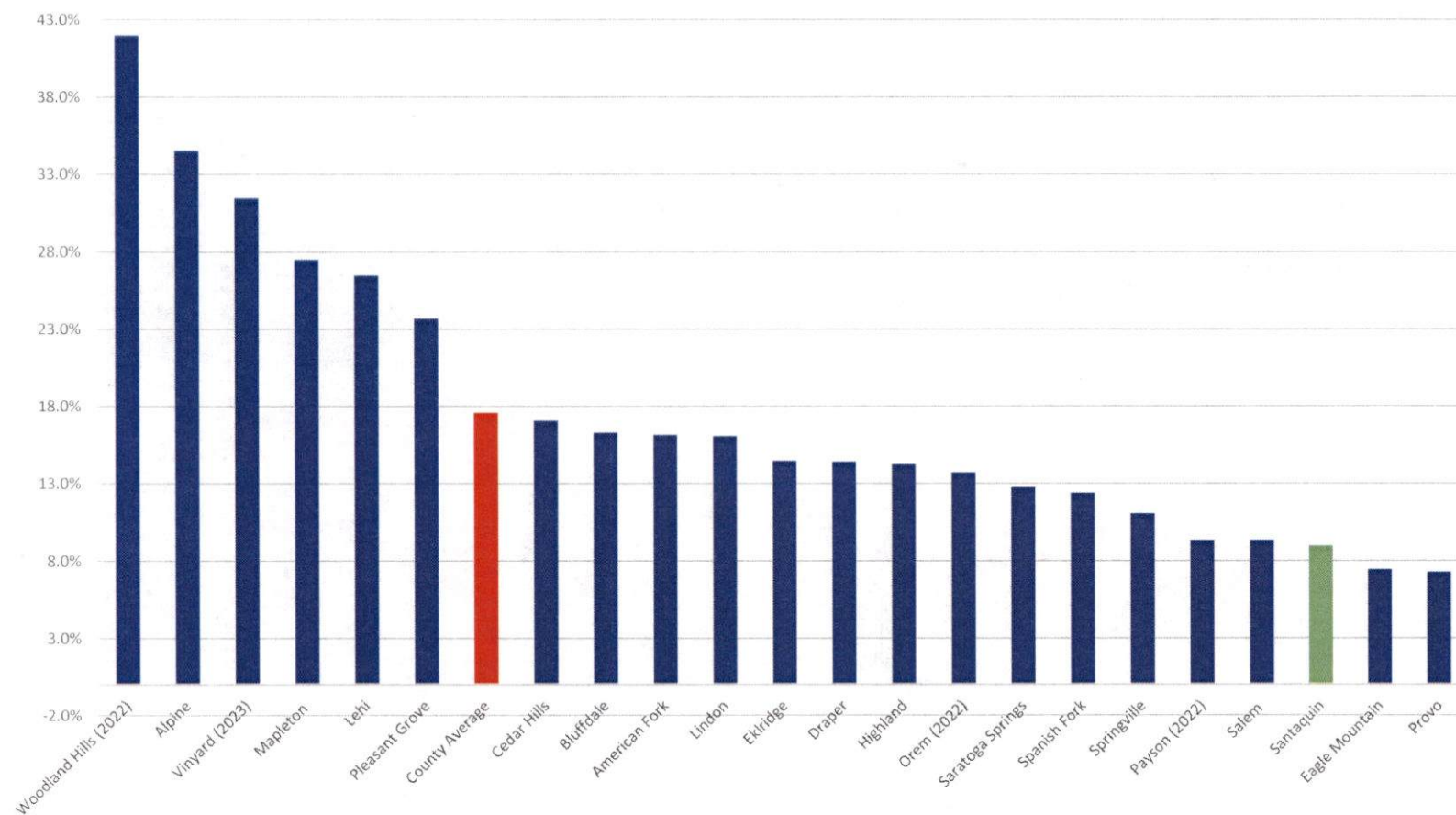




# Municipal Property Tax as a Percentage of Overall Annual Budget

(Utah)

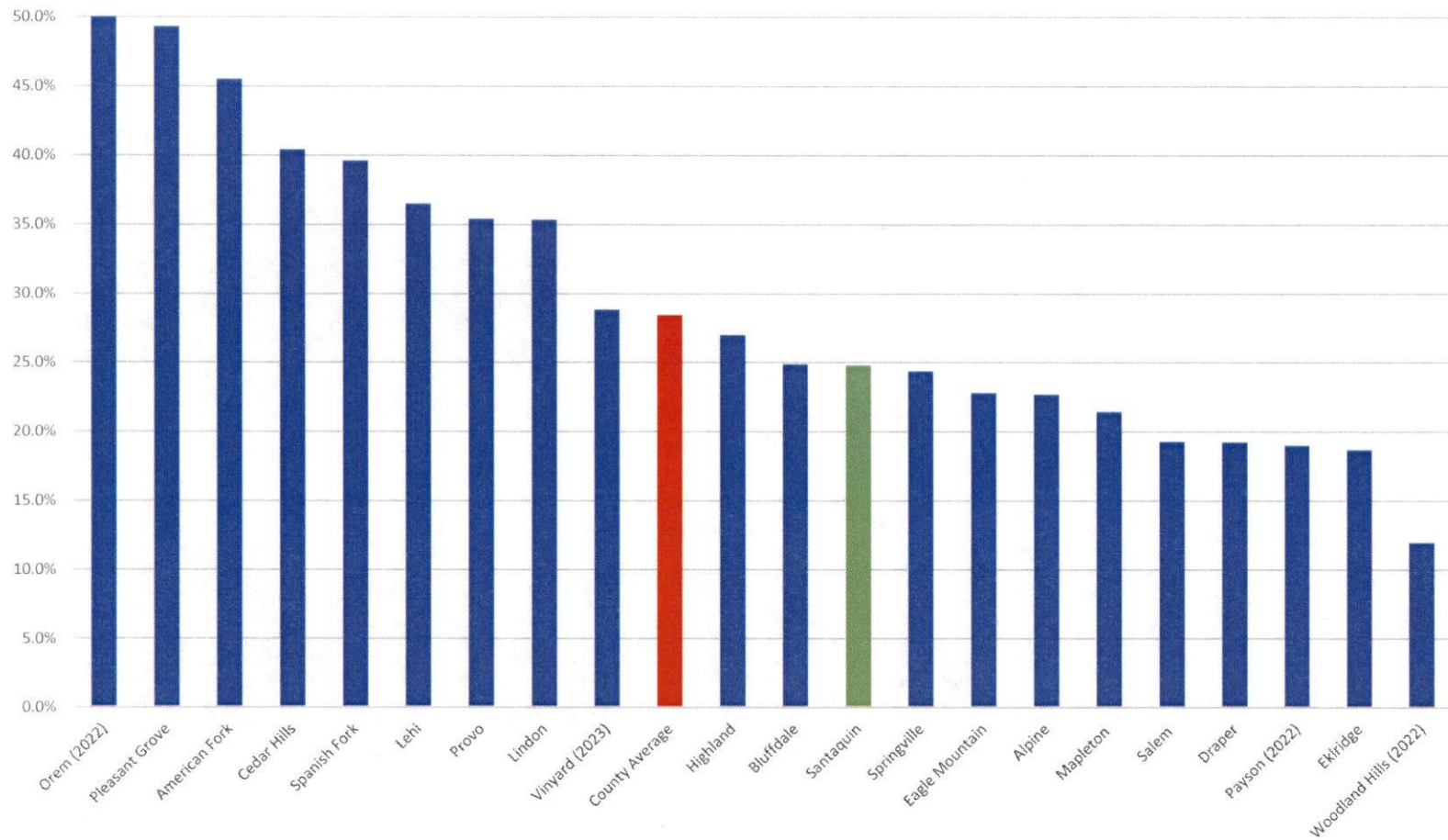
County Cities using Available 2022 & 2023 Data)



# Municipal Sales Tax as a Percentage of Overall Annual Budget

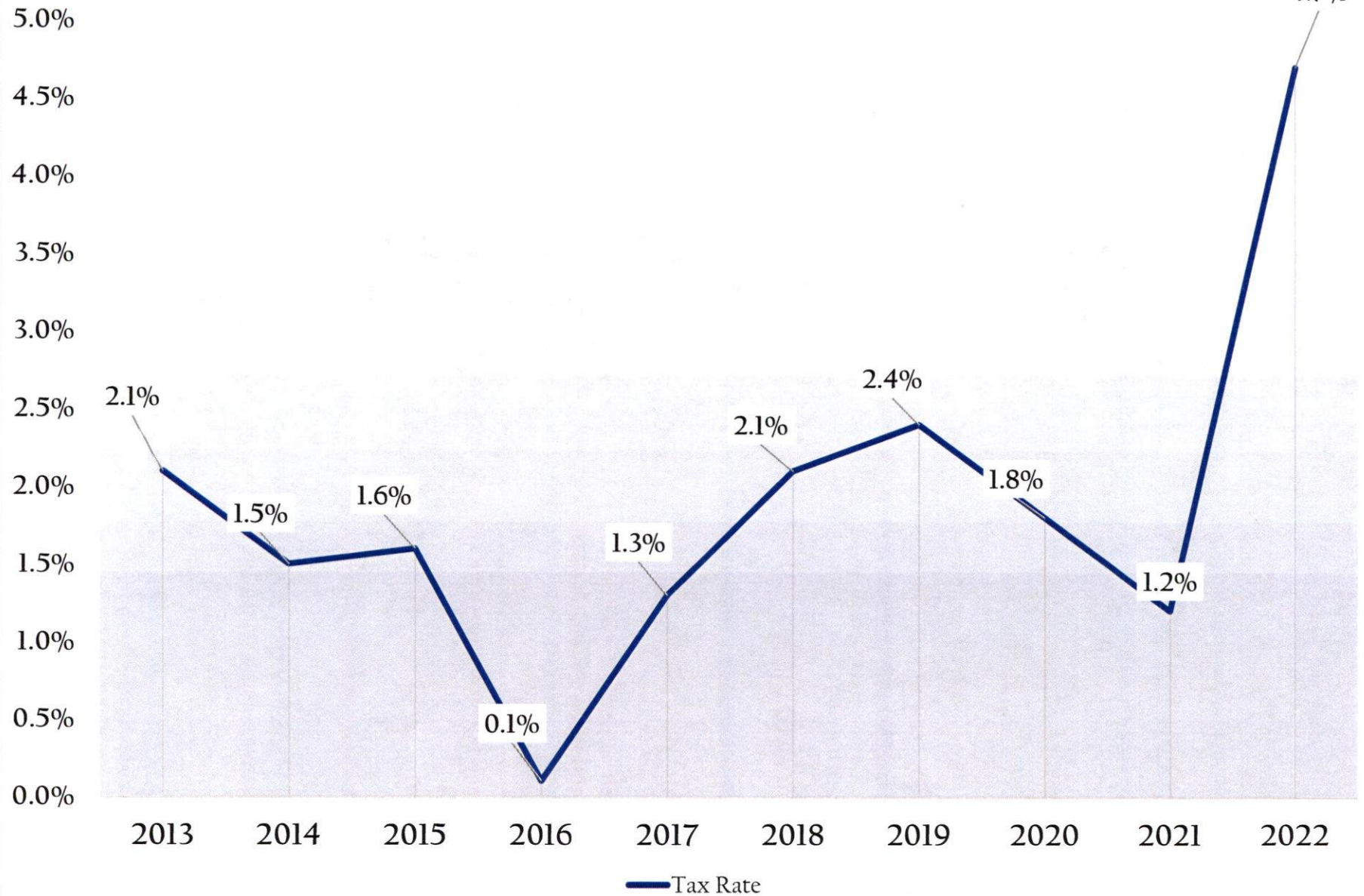
County Cities using Available 2022 & 2023 Data)

(Utah

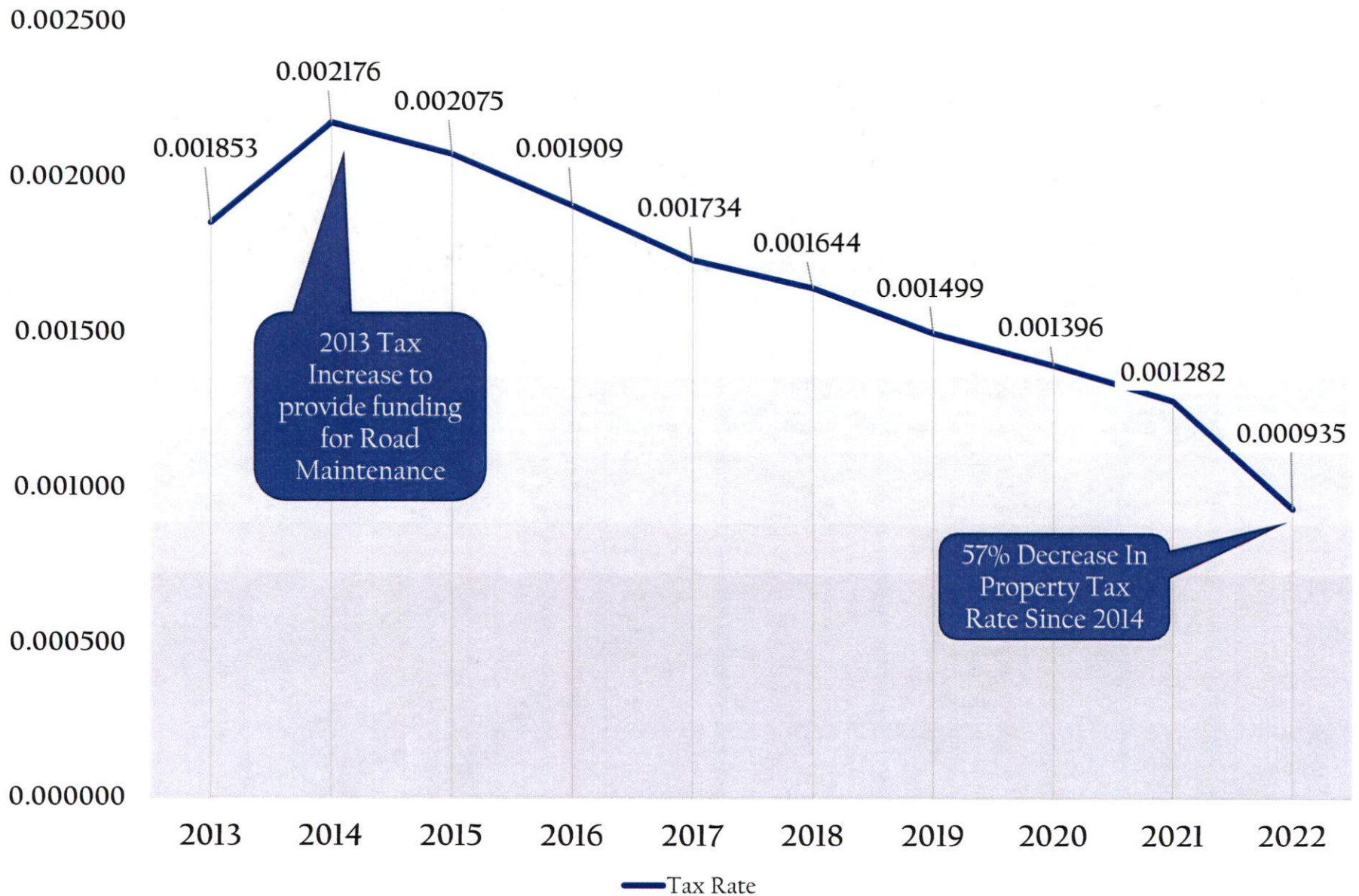




## Santaquin City Utility Rate Increases by Year



## Santaquin City Mill Levy Tax Rate by Year





## PROPERTY TAX DISTRIBUTION

Below is a table of all the different property taxes that Santaquin residents pay based on property tax figures from as of June 30<sup>th</sup>, 2021, and do not reflect the updated property tax rates for all entities listed below as they were not available at the time of writing.

Tax Rate	Tax Type	%
0.008694	Nebo School District	76.4%
0.001282	Santaquin City	11.3%
0.000853	Utah County	7.5%
0.000400	Central Utah Water	3.5%
0.000142	State Charter School	1.2%
0.000012	County Assessing	0.1%
<b>0.011383</b>	<b>Total Property Tax Rate</b>	

While property tax is one of the main sources of income for cities, it should be noted that of all the property tax paid by the average resident, only 11.3% makes it back to the city level with 76.4% property tax going to the local school district. Of the smaller portions, 7.5% goes to Utah County, 3.5% goes to pay for regional water, .1% to Utah County for assessments and collections of property taxes, and finally 1.2% to Charter Schools within the Nebo School District. The graphic below illustrates this breakdown in relation to each dollar of property tax paid by Santaquin residents.

