



MEMORANDUM

To: Mayor Olson & City Council Members

From: Norm Beagley, M.P.A., P.E., City Manager

Date: March 17, 2023

Re: Public Involvement Services | Possible Property Tax Increase | X-Factor Contract

Dear Mayor and Council Members,

Santaquin City has grown by an unprecedented rate in the past ten years. As responsible stewards of taxpayer funds, we have proactively planned for this growth through staffing, infrastructure investments, bolstering our “rainy day” fund, and more, in order to ensure that we can continue to provide city services that support an excellent quality of life for our residents.

As you know, our property tax rate has not been increased since 2013. During that time, our property tax *rate* has actually decreased by 57%. During that same timeframe, our operational revenues have not kept pace with our operational expenditures, however, these deficiencies have been offset by the low interest rates and high growth in the local housing market. Unfortunately, economic conditions have changed with high inflation and high interest rates and with a resulting dramatic drop in new home construction. In fact, revenues generated from new growth have slowed by 84% from our initial 2022-2023 Fiscal Year projections from last June. Further compounding the negative financial impacts from inflation, the City needed to increase compensation for our first responders to remain competitive, and to attract and retain a qualified workforce. Unfortunately, these market dynamics are beyond our control.

As a result of these changing economic conditions, the financial sustainability of the city has deteriorated as short-term cash reserves are being depleted at a rapid rate. As such, the time has come wherein the Santaquin City Council needs to consider a potential property tax increase to fund critical services for our residents. To ensure that we communicate as accurately and transparently as possible, Mayor Olson recommends using a professional firm that specializes in public involvement in order to help engage our residents on this important topic.

We have a demonstrated history in being fully transparent and accountable with our use of property tax revenues. For example, the City has kept its commitment to use the revenues received from the last (2013) property tax increase specifically for road maintenance, improving 71.2% of all city-owned roads with these funds added to our State gasoline tax revenue (termed class B & Class C road funds).

[X-Factor Strategic Communications](#) (X-Factor) is a premier communications firm that specializes in public relations and public involvement for local government. They are known for data-driven, innovative thinking that produces results. They possess a strong grasp of local issues, understand the nuances of city government, and can hit the ground running on day one. Most recently, X-Factor successfully helped Pleasant Grove City to engage their residents in an effort to increase property taxes to fund additional police and fire personnel, and road maintenance needs.

The X-Factor team of experts collectively possess decades of experience. X-Factor's qualifications include years of supporting communications and public involvement efforts for a wide variety of state and local government clients. This includes Draper City, The Point, Sandy City, Salt Lake City, Taylorsville City, Salt Lake County, the Utah Department of Transportation, the Utah League of Cities and Towns, and many others.

The X-Factor team can help the City engage and inform residents regarding funding the city's essential services and how this taxpayer investment will benefit the community. X-Factor would develop a public involvement plan, manage media relations, oversee a public open house, and

create digital and print collateral such as informational mailers, fliers, posters, social media posts, website content, e-newsletter and newsletter articles.

The Mayor and I have reviewed the X-Factor proposed scope, fee, and schedule for their public involvement services and the Mayor and I are comfortable with their proposal. X-Factor's costs are in line with industry standards for public involvement services of this nature. As a municipality, Santaquin City is authorized to utilize the Utah Department of Transportation (UDOT)'s qualified consultant pool. X-Factor is currently on UDOT's pool of approved public involvement firms qualified for this work. Therefore, they are fully pre-qualified to perform this work for Santaquin City.

Possible Motion: Motion to authorize Mayor Olson to execute a contract with X-Factor Strategic Communications to provide public involvement services.