

KAYSVILLE CITY COUNCIL
BUDGET WORK SESSION
April 15, 2022

Minutes of a special Kaysville City Council work session held on Friday, April 15, 2022 beginning at 9:30 a.m. in the Council Chambers in Kaysville City Hall at 23 East Center Street, Kaysville, UT.

Council Members present: Mayor Tamara Tran, Council Member John Swan Adams, Council Member Mike Blackham, Council Member Abbigayle Hunt, Council Member Nate Jackson and Council Member Perry Oaks

Others Present: City Manager Shayne Scott, Finance Director Dean Storey, Assistant Finance Director Levi Ball, City Recorder Annemarie Plaizier, Police Chief Sol Oberg

OPENING

Mayor Tran opened the work session and welcomed everyone present. Mayor Tran commented that prior to this work session the City Council had taken a tour of the Kaysville City Operations center.

FY 2023 BUDGET REVIEW AND DISCUSSION

City Manager Shayne Scott said that Police Chief Sol Oberg came to discuss the compensation plan for the police department. In a previous council meeting, the council had asked Chief Oberg if there were other things the city could do to encourage people to work for us.

Chief Sol Oberg said that he would like to take the top 10% of their department's salary range and use it to incentivize their officers. We are looking for more in-house officers who would be willing to go through training, in order to turn around and teach our own officers, rather than having to send our officers elsewhere to get adequate training. Sometimes we have to send our officers across the country in order to get the necessary training. In order to find someone willing to go through the training, it would help to have some sort of incentive. Chief Oberg said that for the last five years he has tried to get one of his officers to take over teaching arrest control. He was finally able to find someone willing, and it will take this officer a lot of extra work, time and some of his own money get to where he needs to be for the role. There are other needs within their department that need to be filled, and having an incentive will hopefully help them to get those needs addressed. These roles can help our officer's progress in their careers. If we assign officers to these roles, we will likely only get mediocre work. It's better to hear from an officer that they want a role. Any time an officer places their hands on someone, it becomes a high liability situation and we want to make sure our officers do what they can to keep everyone safe. We as a city have a responsibility to train our officers. Across the nation, police departments are struggling to get officers to apply for supervisory positions. We need to do more as leaders to create a way for officers to progress in their career path and to help find their roles.

Finance Director Dean Storey said that generally when we look at employee compensation, we go

through an evaluation process to classify each job position. We review the responsibility of that position, job knowledge needed, difficulty, work environment, and so on. We take that information and compare it to the best survey data of the market at that time. From this data, calculations are done to determine a minimum and maximum compensation amount for that position. This is more difficult to do a similar compensation plan with the police department because things are continuously changing.

Council Member Jackson if there are certain positions in the police department that are harder to keep filled.

Chief Oberg responded that they see the most overturn with line officer positions.

Mayor Tran asked how the incentive plan with the police department would be implemented.

Chief Oberg responded that it has not been determined yet.

Shayne Scott suggested that the council revisit this topic later.

Council Member Blackham suggested revisiting this topic when the budget is adopted.

Dean Storey introduced the tentative FY 2023 budget and explained that Staff is seeking input from the council. The tentative budget will be adopted on May 19, 2022 at the city council meeting. After the tentative budget is adopted, it will be released so the public will have the opportunity to review it. The council will continue to be updated with further information as we progress in reviewing the budget. The initial public hearing is scheduled for June 16, 2022. If the city council decides not to hold a Truth in Taxation hearing this year, the final budget could be adopted on June 16, 2022. If the council decides to go ahead with a Truth in Taxation hearing, the budget would be adopted in August. As part of the budget every year the council adopts a human resource schedule authorizing the number of positions for each department. We currently have 134 authorized full-time positions for the city. There are also administrative appointed positions that includes part-time and seasonal employees. Within our compensation plan, there is a minimum, midpoint and maximum range for each position. Each year the council looks at this compensation plan and determines a market or cost of living adjustment and then the whole plan is adjusted accordingly. This year we are looking at a cost of living increase of 4.75%. That number is reached by looking at the Utah Retirement System cost of living adjustment for the year. Historically the city has used this number for our cost of living adjustment for years past. Our employees will not be seeing an increase to our health insurance costs this year.

Shayne Scott commented that in typical years, using this number from URS makes a lot of sense. However, this year our rates have gone up 8% in a year, and the council needs to consider if 4.75% is enough. That cost of living number of 4.75% is one of the lowest being suggested in the state.

Council Member Oaks commented that in the commercial world, they rarely do a cost of living increase. It is all based on merit.

Council Member Adams suggested implementing a tiered cost of living increase. Those who do not make as much could really benefit from a higher cost of living increase.

Mayor Tran added that some cities have decided not to give salary increases to senior-level management positions this year.

Shayne Scott said that our goal is to try to keep and retain our best employees, and to find a way to do that.

Council Member Adams suggested doing a Christmas bonus plan. One way this could be done is to have interested employees have a certain dollar amount pulled from each paycheck so that by the end of the year it would be equal to \$500, and then the city would match that amount as a bonus.

Dean Storey said that as part of the compensation plan, employees are evaluated by their supervisor each year and their supervisor determines, based on their performance, where that employee falls on the merit range.

The city council reviewed the cost for employee salaries as outlined in the tentative budget.

Dean Storey said that we knew that this would be a tough budget year and asked departments to hold off on requesting any new positions, as well as to hold operation costs as tight as possible. However, the Parks and Recreation Department expressed a need for a full-time office clerk and a full-time cemetery crewmember. Community Development is also in need of a full-time office clerk. The full-time office clerk in the Parks and Recreation Department would move a current temporary part-time employee to a full-time position. Also, burials and lot sales at the cemetery has increased substantially. Our cemetery sexton and crewmembers have had to put in many hours of overtime work, especially on Saturdays. They have also had to use employees from the Parks and Recreation department to help try to compensate for the additional work. The Parks & Recreation director feels it would be more beneficial to hire another cemetery crewmember to help with cemetery maintenance, thereby relieving our Sexton of that responsibility, rather than continuing to pay overtime. In regards to the Community Development secretarial position, building activity has also increased substantially and there is a need for more office help. Staff is proposing to move their current part-time office clerk to a full-time benefitted position. However, because of the addition revenues the city is receiving from the increased number of building permits being issued, we feel that revenue will help to cover the cost for this full-time position.

Mayor Tran asked about hiring a subcontract to help with maintenance work for the cemetery.

Shayne Scott responded that it would likely cost the city three to five times more to hire outside contractors than to pay an employee to do the maintenance. These three proposed job positions will not affect the budget much.

Dean Storey reviewed the city's operational costs with the council. This is the first year we will have begun providing paramedic services. We haven't received the final numbers for the cost of dispatch services for the next year from the county, as well as other items related to that, but will have that information before the final budget is approved.

Council Member Jackson asked about the road utility fund.

Dean Storey responded that the majority of the cost for road projects comes from the road utility

fund that is set at a fixed rate, unless the council approves a rate increase. Mr. Storey reviewed the projected capital improvements schedule with the council. The council discussed the maintenance needed on the operations center building. Dean Storey explained that the roof and the HVAC both need attention on the building, but we don't have a specific funding source to cover that maintenance cost. The council could choose to use fund balance from the capital projects fund. If the city were to go forward with the complete renovation of the operations center, it would cost the city thirty-six million dollars.

Council Member Hunt asked if the city could bond the power company, raise the power rates in order to pay for the thirty-six million dollars, and then have the city pay the power company back.

Dean Storey explained how the project could be bonded and the debt service that would be included in that cost.

Council Member Jackson asked about the city's utility rates.

Shayne Scott responded that Kaysville has competitive rates in comparison to other cities.

Dean Storey reviewed a list of some of the city's other major building projects, including a second fire station and the old library. The council will need to consider how these projects would be financed.

Council Member Blackham said it would help the city financially if we could pay off some of our current outstanding bonds.

Dean Storey reviewed the city's debt service funds and explained that debt service funds are generally any governmental debt not related to building debt. The city currently has a fire truck payment of \$145,000, not including the interest. We also have debt related to Pioneer Park, which has a sales tax revenue bond. That bond is paid for with park impact fees and should be expiring in about a year. We also have a debt for a wide-area mower. In looking at the Municipal Building Authority, there is a debt related to the city hall project as well as police station interest costs. The city has a lease payment of \$95,000, which is for a capital lease purchase to buy a storm water vacor truck, and will be a four-year commitment. That debt will be paid for with the storm water fund. The ambulance fund includes a capital lease purchase for a new ambulance. Mr. Storey reviewed city revenues and said that the city hasn't seen much of an increase in revenue from property taxes. The biggest revenue we see comes from sales tax, but we are not seeing as much of an increase as we have previously. Recently a RAMP tax was approved by voters and we will begin to see some of those revenues come in. We still have administrative charges that need to be reviewed, such as charges to the enterprise fund for services provided by the general fund. The city has also received revenue in the past from Fruit Height City for providing fire protection services to their city.

Shayne Scott added that over the last year, we have struggled to obtain payment from Fruit Heights to help cover the cost to provide those fire protection services that Kaysville provides to them. Neither city has a formal agreement from the other, but there have been verbal agreements for specified amounts that Fruit Heights will need to pay. The specified amount was paid for FY 2021, but that payment was delayed for several months. In an effort to avoid that delay again this year, a request for payment was sent to the Fruit Heights city manager in January, requesting that they

pay the specified amount owed for FY 2022. It was requested that the amount be paid upon receipt, and Kaysville has not received those funds. Mr. Scott added that he had also informed Fruit Heights what the amount would be owed for FY 2023, and the mayor responded that they would like to discuss creating a fire district, and wanted to discuss having their city pay for only the calls the Kaysville responds to in Fruit Heights. This is not something that Staff feels is fair to our city, and we have become frustrated by this situation.

Council Member Blackham said that if Fruit Heights is not paying their bill, they should find fire protection services from somewhere else. Kaysville has been very fair to them and Fruit Heights has never had to pay much money for our services. If we go to a fire district, the cost will be much higher as it will include things that we don't currently have in our city.

Dean Storey said that the cost we have charged to Fruit Heights does not include capital costs for the fire department's equipment.

Mayor Tran said that Kaysville's taxpayers should not have to continue to pay for services provided to Fruit Heights' residents.

Council Member Blackham said that our fire department is running on the bare minimum of what we need and are trying to be responsible with taxpayer dollars. Fruit Heights should be paying their proportionate share to provide fire protection services to their residents.

Dean Storey said that there is about eighteen million dollars in revenue in the general fund. Last year we used some of our fund balance with one-time expenses in order to get our paramedic services up and running. There were also some operational costs that we needed to take from the fund balance, as well as a cost to go towards the fleet replacement program. Staff feels that expenses for the fleet could be an ongoing fund balance expense because if we are in a bind we can stop buying fleet for a time without affecting operations.

Levi Ball commented that we have a gap in our FY 2023 budget of about \$1.2 million that the council will need to decide how to cover the costs. Staff is recommending that council consider raising taxes to cover at least a portion of these costs. If you use the unrestricted fund balance to pay for the entire deficiency, especially if some of those costs are going to be ongoing, the council will eventually need to find another way to cover our costs. The unrestricted fund balance will only go so far.

Council Member Blackham said he believes the city has other fund balances in our budget with unrestricted funds that could be used to cover the deficiency. Instead of taking from the general fund to pay for employee wages, the city could take some of the unrestricted fund balances from other areas with unrestricted funds.

Dean Storey said that some of our employee's wages are already coming from enterprise funds. Many of the fund balances have restrictions on what you can do with those funds. If the council want to transfer money from one fund balance to another, they will have to give the taxpayers notice. There are deficient amounts being shown in more than just the general fund, and is why the council needs to review our enterprise fund balances as well.

Mayor Tran said that the council could decide to borrow from the fund balance this year, but we

will have to make up for the removal of those funds at some point down the road. We don't know how things will look next year and we cannot keep borrowing from our fund balance.

Dean Storey said that the council could also choose to delay some of the city's capital expenses or could use impact fees for certain capital projects. The money that was allocated for the fleet replacement program could also be postponed as well.

Council Member Blackham commented that the council worked hard in the previous year to get the fleet replacement program started and he would hate to see it postponed further.

Council Member Jackson said that he would like more information about the number of vehicles the city has and if they are all necessary for our operations.

Mayor Tran asked about how much the city has carried over in our general fund balance in previous years and how long it might take to rebuild the balance if we used it towards our budget deficiencies.

Dean Storey responded that the city typically does not see much, if any, money carry over in our general fund balance from year to year. Last year we only carried over \$135,000.

Shayne Scott said that our city departments have already been trying to keep our costs down by trying to keep our operational costs flat, decreasing our capital expenditures, not adding any new positions, among other things.

Dean Storey said that the council has already committed \$500,000 of our deficient funds for police department raises.

Council Member Adams asked about not giving the police department a cost of living increase this year since they were just given a salary increase.

Council Member Blackham commented that it is hard to tell our residents that we are increasing our taxes to give employees a pay increase. Council Member Blackham added that our employees are the city's greatest asset and cuts shouldn't be made that would affect our employees' salaries.

Council Member Hunt said that the city needs to try to push to get more business to Kaysville.

Council Member Blackham asked that the council needs further information regarding unrestricted funds, specifically in enterprise and other fund balances.

Dean Storey said that there are unrestricted fund balances in the enterprise funds, but the city is limited on how those monies can be spent. Mr. Storey added that the city council has already approved water projects to be completed in the upcoming year. Furthermore, there are infrastructure improvement needs that need to be done in the next couple of years as well. In order to cover these costs, Staff feels that a water rate increase needs to be done.

Mayor Tran said that she would like to see the city continue to hold a Truth and Taxation hearing. Holding a hearing is not committing the city to a tax increase. Mayor Tran said she would like to see that the city continue to hold the tax rate level. At some point, the city is going to run out of

unrestricted funds to cover our costs. If we do not hold the tax rate, we are just going to have to consider an even larger tax increase in the future. Mayor Tran said that if the council chooses not to hold a Truth and Taxation hearing this year, we will likely need to hold one next year. We need to be completely transparent with our residents. Costs are increasing for everyone, including the city and we need to have the funds needed to continue operating.

Council Member Oaks said that he agrees that a Truth and Taxation hearing should be held to give an opportunity for residents to learn more about where we are at with our budget, even if we decide not to increase taxes this year.

Council Member Jackson agreed, and added that holding a Truth and Taxation hearing shows that the city is being transparent.

Shayne Scott added that next year is an election year, which typically makes it harder for city councils to raise taxes during that year.

Council Member Blackham commented that if it were going to cost the city much money to advertise and hold a Truth and Taxation hearing, he would prefer to not hold the hearing.

Council Member Oaks and Council Member Oaks were excused from the work session.

Shayne Scott said that the council could discuss the public works capital projects with their superintendent to see what projects will need to be completed over the next couple of years and what those associated costs might be. It seems that we will need to raise the water rates to cover the costs of future infrastructure so that we do not get behind.

Levi Ball added that the council would also need to discuss worse-case scenarios with the power department and what kind of funds might be needed in an emergency. The Power Department Superintendent has mentioned that there is a several year wait to receive a new substation transformer for the city, and it could potentially cost us millions in order to get a temporary power trailer in order to make up for power loss. If the council wants to move money out of some of these enterprise funds, they need to consider what funds might be needed in an emergency.

Council Member Blackham said that if we have reserve funds, those funds should be reinvested into our city.

Council Member Jackson asked if each department head could look at their upcoming projects and determine which take priority.

Dean Storey said that what is being proposed in the budget has been determined as priority.

Shayne Scott said that the whole state is feeling the effects of the inflation, and he is grateful that previous councils were willing to hold Truth and Taxation hearings over the last five years to hold our current tax rate level. If they hadn't done so, the council would be considering raising our taxes at much higher rates in order to cover our operation costs.

ADJOURNMENT

Council Member Adams made a motion to adjourn the City Council work session at 1:20 p.m., seconded by Council Member Jackson and passed unanimously.