

KAYSVILLE CITY COUNCIL
ANNUAL RETREAT
January 27, 2023

Minutes of a special strategic planning retreat of the City Council held on January 27, 2023 at 9:00 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, Council Member Perry Oaks (via virtual call)

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

CITY COUNCIL RETREAT

Mayor Tran opened the meeting.

City Manager Shayne Scott explained that the council gathers at the beginning of each year to review and discuss plans for the upcoming year. More specifically, to look at where the city is at in our current budget and what we might expect going into the next fiscal year.

Council Member Nate Jackson arrived.

Finance Director Dean Storey presented a general report of the finances of the city, including financial challenges that the city already knows we will face finishing FY 2023 and in FY 2024. During this last year, the ambulance enterprise fund was moved to governmental funds. Instead of the Road Fund being an enterprise fund, it was made into a special revenue fund, which is also considered a governmental fund. Doing these things creates more transparency. Mr. Storey reviewed the city's enterprise funds, how they work, and which of the city's operating costs in the enterprise funds are showing a depreciation. Some of the cash flows within these enterprise funds are restricted.

Shayne Scott added that we have recently seen a very drastic increase in the cost of some of our utility costs.

Council Member Mike Blackham asked about cash flows from the electric utility fund over the last five years.

Shayne Scott said that in the last five years, two of those years the city spent money from the electric enterprise fund in order to cover the cost of installing the AMI meters throughout the city.

Dean Storey added that the AMI metering project was classified as an operating expense rather than a capital expense.

Council Member Jackson asked about road funds and if we have any funds available to be used

towards repairing sidewalks in the city. We need to be more aggressive in maintaining our sidewalks.

Shayne Scott responded that city ordinances state that sidewalks are the responsibility of the property owner. A few years ago, the city decided to hire a contractor to address some sidewalk issues within a small neighborhood in the city. However, they only addressed the more minor issues. Work that is more extensive is more costly and was therefore not fixed by the contractor. The contract cost the city around \$30,000. We have not considered doing another similar project since, mostly because of funding. Staff would not recommend using road funds for sidewalk repairs as those funds are needed for our road maintenance.

Council Member Jackson responded that he would like to see the city continue hiring contractors to address areas of the city where the sidewalks are more hazardous.

Shayne Scott said that if the council wanted to try to do similar contract work for sidewalk repair throughout the city, it would likely take ten or fifteen years to get through the whole city.

Council Member Jackson asked about road funds and how road projects are prioritized.

Shayne Scott responded that our Public Works Superintendent reviews the road projects that need to be done throughout the city and will prioritize them from most necessary to least. Then he will discuss available road funds with Dean, and they will list the highest priority projects on the next budget.

Assistant Finance Director Levi Ball reviewed a summarized Interim Financial Report from July 1, 2022 to December 31, 2022 with the council.

Dean Storey commented that for the 2023 Fiscal Year budget the council decided to transfer a significant amount of fund balance to balance the budget. We hope to see additional revenue come in this year but we do not have any year-to-date actuals as of yet. However, we likely will need to use fund balance again this year in order to balance our current year budget. Our sales tax revenue numbers seem to be staying strong, but we do not know if those numbers will hold.

Shayne Scott said that the Council would be holding a Council Retreat in April to begin to review and have further detailed discussion of the FY 2024 budget. Mr. Scott added that while it is encouraging to see that we will get some income from sales tax revenues, it won't be enough to cover the city's costs. The departments had been asked to not hire for any new positions over the last year, and it is likely that will need to be the case again for another year. We also need to do another cost of living increase for our employees.

Council Member Hunt added that last year some of the money that was transferred from the general fund to cover costs was for operational expenses. We will be facing the same challenges with the Fiscal Year 2024 budget, and it is unlikely that the revenue we have received over the last year will cover those operational expenses. We also need to take into account that inflation has increased the cost of most things.

Shayne Scott agreed and added that inflation has impacted the city budget. Not only is it costing the city more for salaries, but it is also costing us more to purchase equipment and to operate.

Mayor Tran as we are trying to develop what we want for our city, the council needs to consider what kind of businesses we can bring to our city to help to increase revenue in our city.

Council Member Blackham said that he feels that the city has had very little development within the city in the last year, and he would like to see the city be able to live within its means.

Council Member Adams suggested approaching the department heads and asking where they can cut back in their budget this upcoming year.

Shayne Scott commented that our department heads already do that every year. Instead of showing us where they can cut back, they present the minimum of what they need to operate. Mr. Scott commented that he is confident in what city staff has been doing to try to cut costs, but we could probably be better at relaying to the council the ways we are trying to cut costs.

Dean Storey added that Kaysville is seeing increases in costs just as everyone else is. One example is that Davis County increased the fee for their dispatch services. That increased amount was unexpected and the city had to figure out how to absorb the different into our FY2023 budget.

Council Member Adams said that it would be helpful for the council to know about these unexpected increases that city staff has to find ways to accommodate for in our budget.

Council Member Blackham said that he would like to encourage the department heads to look at their budget at the end of the fiscal year and if there is extra funds in there, to not spend it just to spend it. If they have gone that far in the year and not needed to make that purchase for an item, maybe it does not need to be purchased at that point.

Council Member Oaks commented that his biggest concerns are with the requests that come before council for approval because they were not included within the yearly budget. Maybe some requests can wait until the next budget cycle.

Shayne Scott responded that when that happens, those department heads should have a good reason to be making their request when they do.

Council Member Adams stated that if they have a good reason to be making such a request outside of the regular budget review process, he would rather review and consider the request when staff needs the funds so that our staff has what they need to get their jobs done.

Dean Storey discussed power enterprise funds with the city council. A lot has happened in the last ninety days in regards to the cost of power resources. The cost of power has been significantly higher and therefore the city is paying more for power than we are receiving for it. This increase is only the power resource cost; it does not include operation costs. The Power Commission has been recently discussing a power rates increase as a result of this.

Shayne Scott added that we have seen a million dollars difference in resource costs within one month. This is a crisis situation.

Council Member Blackham said that he wanted to see the amount for the city's total gross revenue

in the power fund. This situation has only happened one time in the last several years.

Shayne Scott said that the reasons for what caused the cost for power to spike are still occurring and therefore we do not know how long this will go on and if it won't happen again. The Council could consider delaying a power rate increase, but we likely will continue to see a deficit in our power budget as it is anticipated that power rates will continue to be high.

Council Member Blackham added that the city also has some money with UAMPS to help cover costs.

Shayne Scott commented that the city only has so much money in reserve and cannot afford to cover the gap in resource costs forever.

Council Member Oaks said that with the war on fossil fuels occurring, it is unlikely that we will see any difference in our costs in the near future, and any monies we might have in reserve to help cover costs in these situations will likely not last long.

The City Council and Staff discussed power costs over the last year.

Council Member Jackson said that he does not feel that the council has enough information yet to justify a rate increase.

The City Council took a ten-minute break at 10:50 a.m. and reconvened at 11:00 a.m.

Council Member Blackham stated that he does not want to see the council approve a tax rate increase this year and feels that the city should be able to find a way to work within our means.

Dean Storey reviewed the budget schedule for Fiscal Year 2024 with the Council. It is scheduled for the council to adopt the tentative budgets in May, and that is when they will become available for the public to review. The council will hold a public hearing on June 1, 2023 and could potentially adopt the final budget by mid-June, should the council choose not to hold a Truth and Taxation hearing. If a Truth in Taxation hearing is held, it will be held at the beginning of August prior to the final budget being approved. The council needs to decide how much money they wish to use out of the city's reserve fund balance. The city typically bases our recommendation for a cost of living increase for our employees based on what the Utah Retirement System provides to their retired employees.

Council Member Blackham said that he would like to know what the state is considering for a cost of living increase for state employees.

Shayne Scott commented that last year the council targeted a 4.7% cost of living increase for employees, and many staff members felt that percentage was a minimum of what should have been done. Many felt that we should have followed what other cities did in giving an 8-10% increase, and it would have been justified. The 4% that URS has approved is taking into account two calendar years. However, when the state is facing an average of 8% cost of living increase, staff is wondering what will be done in the following year if the 4% is supposed to carry over in subsequent years if we are following what the URS does.

Dean Storey said that the city has tried to keep operational costs the same over the last couple of years, which has been a challenge with each department. Some capital improvements need to be completed soon, including what to do with the old library building, and installing a new roof on the operations center if we do not build a new facility there. Our utility service providers have indicated that they will be raising their rates this year.

Council Member Jackson suggested pausing the allowance of a department head to give a discretionary salary increase or bonus to employees for the year.

Shayne Scott commented that last year the council approved a change to the police department salaries after a compensation study was done. A compensation study was done four years ago for the entire city staff, and it is already outdated in some areas.

Dean Storey said that there has been some concern that the increase to the police department's salary has left other department positions behind. It is likely that if we were to do another compensation study for the city, we would find areas that needed adjustments made. We typically do not have compensation studies done often, however, there have been some major events in the last couple of years that have effected some salaries. We had a good compensation done four years ago, but we need to make sure we are keeping up with it.

Shayne Scott commented that we could likely do an analysis in-house and not have to hire it out.

Council Member Jackson asked if staff could do an in-house compensation study to see where the city is at in comparison to similar cities, and present that information in April.

Shayne Scott gave an update on the RAMP tax program and said that the city is receiving more income from the RAMP tax than we originally anticipated.

The City Council had a discussion regarding the transfer of enterprise funds from within the city budget. There was a general consensus that if the council decided to transfer any enterprise funds, that a policy needed to be put in place beforehand of how those funds could be transferred.

Shayne Scott commented that it is anticipated that the city will be moving forward with budgeting for a design of a fire station on the west side in the upcoming budget. The council and staff had discussion on if a specific location had been decided for the fire station on the west side.

The City Council discussed attending the National League of Cities Conference in March of this year. Mayor Tran commented that all of the current council members have had the opportunity to attend, and it is beneficial to attend.

Council Member Hunt said that it is a great opportunity and is good for each council member to attend, but suggested that this year might not be the best year to attend.

It was the consensus of the Council that they would not attend the NLC Conference this year.

Council Member Jackson asked about salary increases for elected officials.

Shayne Scott responded that previous councils have refused an increase to their salaries. A recent

council decided to increase the salaries of their positions for the upcoming council members. This is something that can be considered during budget review.

The City Council took a break at 12:00 p.m. and reconvened at 12:07 p.m.

The Mayor reviewed the City Council member assignments with Council Members, and made adjustments as needed.

Shayne Scott suggested putting the contract for our yearly audit out to bid next year. We have had the same auditor for seven years now, and although we have been extremely happy with their work, a standard time is five years for changing auditors, and it would be good to see what other options we have. Mr. Scott suggested also putting out to bid our solid waste services.

Council Member Blackham commented that if our current solid waste service provider is willing to keep their prices the same again this next year than we should keep contracting with them. If they are not, that is when we should go out to bid.

Dean Storey commented that there was a new software that was implemented last year, and it was critical that we stayed with the same auditor because of it. This year it is not as critical, but it would be beneficial to keep our same auditor for another year. Mr. Storey added that we contract with our current waste provider every two years, and will find out if it expires this July or next.

Mayor Tran gave an update on the open city manager position and said that the position had been posted in several places and we have received several great applicants.

The City Council discussed upcoming city projects. Shayne Scott said that there will be a redesign of the Wilderness Park parking lot and the design of the project has gone out to bid. Our Public Works Superintendent has also indicated that they hope to start on the Burton Lane roundabout project soon and have it completed by the next school year.

Mayor Tran said that Davis County owns the senior center to the east of City Hall, and they are considering building another senior center elsewhere in the county. At that point, they have said they may allow the city to use a portion of the building. If that happens, we may be able to move our Parks and Recreation staff into their building, and do something with the old fire station building or put something else in its place. Mayor Tran asked the Council if they had any priorities or goals for the city, and if there were anything they would like to see happen in the city.

Council Member Hunt said that she would like to see more revitalization of commercial in the city. She would also like to see the city's land use code reviewed. There have been times recently that we have found issues within the code and it would be good for the council to look at it to make sure it is written for what we want to have in the city.

Council Member Jackson said that he would like to ensure that higher density housing developments be required to have a certain amount of designated visitor parking. Council Member Jackson said that he would also like to see the city do more to improve roads and sidewalks within the city.

Council Member Blackham said that he would like to see the city catch up financially by keeping

our budget the same for the upcoming year and that any necessary expenditures for the upcoming year be kept within our current FY 2023 budget amount.

Council Member Oaks said that many big expenditures and projects have been mentioned today and previously, and he would like to see which ones are the biggest priorities. It will help us to determine what funds are needed and when they are needed.

Council Member Adams said that as we see more properties being redeveloped along 200 North, he would like to see that there be uniform requirements on how new buildings may look, including setbacks.

Mayor Tran commented that she would like to see the city focus this year on improving infrastructure where needed, and consider what we want our city to look like for the future, including economic development. If our ordinances do not reflect the look and feel of what we want in our city, they need to be cleaned up. If we want our downtown area to have a different feel or bring in more businesses and opportunities, we need to do something we have not done before because what we have done before is not working. We want to be able to keep our current employees, and maybe we will need to do another hiring freeze again this year in order to try to keep our costs low and still give our current employees a cost of living increase. We also do not want to have to raise taxes unless it is needed. However, it is a good idea to hold a Truth in Taxation because it helps to be more straightforward and transparent with our residents about the process and to show our citizens what we are doing as a city to try to keep costs low and bring more revenue into the city. That does not mean that we will have to raise taxes. We want to show our citizens that we are being responsible. It is a bad idea to hold off on holding Truth in Taxation for many years.

Council Member Jackson said that we need to be more willing to change and accept change. We need to be more forward thinking and plan for things we want to see come to the city. We need to set higher expectations for the developers that come to us so they know what we want in our city.

Mayor Tran commented that if we want to see more improvements to our downtown area, to our city infrastructure, or any other projects for our city, it would require more funding.

Levi Ball commented that some budget line items for FY 2024 will show an increase as the cost of those items and services have increased. Mr. Ball said that city staff is currently doing a wage study for the fire department and asked for clarification on if the Council wishes Staff to do the same for the rest of the city departments at the same time.

Dean Storey added that another option the council has is to give a strong cost of living increase this year, and not consider the compensation study for now. The end cost would likely be about the same.

Council Member Blackham said that he feels there should not be any tax or rate increase and the city should just figure out how to make ends meet with what we have.

Shayne Scott said that our department heads would be derelict in their duties if they were to come to the council saying that they won't need to hire any new positions and will be able to stay within the same budget this next year. What our department heads do, and need to continue to do, is

present to council what they need to operate, both financially and staffing. It is then the responsibility of the council to review those needs and say whether what they are asking for is too much or if it can be approved as presented. It is important that the city take into account what our needs are, and what our revenue is, and then if there is a deficit in the amount between the two then we need to figure out how to balance the budget. It is incorrect to state that our needs are the same as the amount of money that will be allowed. Our department heads are already saying that they are already operating within their budget as tight as they can, and they will not be able to operate within the same budget next year.

Council Member Blackham said that he would like to have more council work sessions to really review and discuss the budget in depth.

Shayne Scott said that it is added as a work agenda item on each council meeting during the budget review process, and we can schedule additional work sessions outside of council meetings.

Council Member Jackson suggested that the council also be able to meet with each department, possibly in their own buildings, to get an idea of their operations.

Council Member Blackham made a motion to adjourn the meeting at 1:17 p.m., seconded by Council Member Adams and passed unanimously.