

KAYSVILLE CITY COUNCIL
BUDGET WORK SESSION
May 5, 2023

Minutes of a special Kaysville City Council work session held on Friday, May 5, 2023 beginning at 9:00 a.m. 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: Finance Director Dean Storey, Assistant Finance Director Levi Ball, City Recorder Annemarie Plaizier, City Attorney Nic Mills, Fire Chief Paul Erickson, Police Chief Sol Oberg, Community Development Director Melinda Greenwood, Public Works Superintendent Josh Belnap, Power Superintendent Brian Johnson, and Parks and Recreation Director Cole Stephens

OPENING

Mayor Tran opened the work session and welcomed everyone present.

FY 2024 BUDGET REVIEW AND DISCUSSION CONT.

Finance Director Dean Storey said we all want to do what is best for the City. It is a great place to work and to live. Mr. Storey explained that the city's department heads were invited to the work session so they could answer any questions the council may have. The city has not yet received the county's assessed values for property taxes. Staff plans to have the council adopt the city's tentative budget by May 18, 2023. If the council decides not to hold Truth and Taxation, then the final budget for Fiscal Year 2024 would need to be adopted by June 21, 2023. If the council decides to hold Truth in Taxation, then the final budget would be adopted in August. Mr. Storey reviewed the proposed budget for capital assets for buildings and explained that at the council's last work session, they discussed the need for a second fire station, but felt that the timing isn't right.

Council Member Oaks asked how long the city could wait to do a second fire station.

Chief Paul Erickson responded that we already have a location in mind that we feel is the best option for us at this time. Each year our fire department is sent on more and more calls to the west side of the city.

Dean Storey added that Staff would continue to monitor call volume and response times for our fire department. Mr. Storey said that there had also been some discussion about what to do with the city's operations center.

Public Works Superintendent Josh Belnap said that they are currently limited on what they are able to do in the building and they are doing their best to utilize what space they have. There is

not proper storage for all of their equipment and materials. They are doing what they can to try to protect the assets we have there, but some of their materials have had to be stored outside and are being exposed to the elements. The Public Works department are always trying to get better at what they do and do more. They try to be efficient in their work and be equitable and effective in what they do. They are continually trying to make more desk space available within the portable on site. They have converted an old storage room in the operations building into office space.

Power Superintendent Brian Johnson added that they have to continually shift things around the operations center to try to make it work for their department but they have found that they have to store more and more equipment and materials outside. Areas have been reorganized, but they have no other option but to store things outside. They recently had to discard a reel of wire worth thousands of dollars because it could only be stored outside and it had rotted. Some items could be stored under a covered area if they had one available, while other items cannot be stored outside at all. They are trying to make do with what they have, but they are running out of any workspace in the building. It is not optimal or convenient. Having another building is becoming more of a necessity.

Dean Storey said that a study was done for the building and it concluded that an additional facility was needed, that improvements needed to be made to the existing building, and site improvements needed to be done. However, the estimated amount to complete these projects is unreachable for the city at this time. The city could explore other options.

Council Member Blackham suggested renting warehouse space in a nearby warehouse building in the interim.

Josh Belnap said that could be something the city could consider. There are also smaller things that could be done, such as site improvements to the yard and building a covered storage area. The city could break the project down so that sections be done one at a time, rather than all at once, to make it more financially manageable.

Council Member Jackson suggested building an addition to the existing building rather than building a completely new building.

Josh Belnap said that there had been discussion as part of this project that the Recreation Department be moved into the existing Operations Center building after renovation. The Recreation Department is currently housed in the old fire station on the city block. We will need to continue to reevaluate things as we move forward with the project.

Council Member Adams commented that the Federal Government had recently raised rates again and we should wait to bond for anything until rates have dropped again. Right now might not be the best time to build anything.

Dean Storey added that the proposed budget currently does not include anything towards a second fire station or the operations center, with the exception of repairing the operations center roof. Repairing the roof has become a necessity and we will be using fund balance to pay for it.

Council Member Oaks said that the council should review both of these building projects next year to reevaluate where we are.

Dean Storey said that the budget includes a station alerting system for the fire station, which is already on order.

Chief Erickson said that the Utah Communication Authority is requiring that the fire station have a digital alerting system installed by October 2023.

Council Member Jackson asked if it is critical to replace the HVAC systems in the operation center and Recreation buildings.

Parks and Recreation Director Cole Stephens responded that these units are thirty years old and beyond their life expectancy. We try to stay ahead of when these critical items fail. If these HVAC systems are not included in the budget and they end up failing, we are then going to be without until we can find a replacement, and we will end up spending money that was not in the budget and may be more costly at that point. The city has a robust maintenance schedule and the replacement of these HVAC units is just following that schedule.

Dean Storey added that the city has a replacement schedule so that we stay ahead of the maintenance curve. The older equipment gets the more maintenance they require, and the more expensive repairs can get.

Cole Stephens said that HVAC systems are becoming more expensive to purchase.

Dean Storey asked Mr. Stephens to give the council an update on Trappers Field.

Cole Stephens said that the HOA for that area provided a list of everything they would like to see done to the open space, and the engineer's estimate for those items came back to us at \$3.8 million. The design itself for the park is not complicated, and there are some needed amenities for the space. Staff is recommending that for the upcoming year, that we meet with the design team to see if there is a way to complete this project in phases in a way that makes sense. We do not plan to do any improvements to the property during FY 2024. In the agreement the city has with the HOA, it states that the south side of the open space will be developed in three years, and the north side be developed in five. The \$3.8 million estimate is only for the north side of Trappers Field. It could be argued that the city has started development of the property with the completion of the design.

Council Member Blackham asked if Trappers Field could be delayed until FY 2025 when Pioneer Park will be paid off.

Cole Stephens responded that it was their plan to postpone it until FY 2025. We do not feel comfortable spending \$3.8 million on Trappers Field at this time.

Dean Storey added that the city could use impact fees to help pay for the improvements to Trappers Field. Mr. Storey reviewed planned road improvements with the council and explained that a major road project will be road and utility improvements on Crestwood Road and 200 North.

Josh Belnap said that with the Crestwood Road and 200 North road projects, three pipelines will be affected. Crestwood Road and 200 North are the only means of getting water to central and

west Kaysville. The city's water tanks have dedicated transmission lines that send water to various areas of Kaysville. Construction costs in general are incredibly high right now. Not only are the costs for these projects being affected by inflation, there is also much construction going on right now. We do not anticipate seeing a decrease any time soon. We have seen the prices of some materials decrease slightly, but most are remaining consistent or increasing.

Council Member Blackham asked if now is the right time to be considering these road projects.

Josh Belnap said that 200 North is the most trafficked road in Kaysville and connects all main arterial roads in Kaysville. Functionally, the condition of the road is considered terrible. The city would never want to do any road construction to these roads without addressing the utilities in the roads. Central Davis Sewer District has contacted the city about changes that they need to make to their utilities within the road. One of our focuses with Crestwood Road and 200 North is safety, which includes adding active transportation facilities along these roads and adding sidewalks where there currently are none. We are seeing many accidents at Crestwood Road and Brookshire Drive and we have tried to add additional warning signs in the area to help reduce accidents. Crestwood Road is the first road they plow in any snowstorm and they continue to keep it plowed. From a safety aspect, changes need to be made on Crestwood. Another concern that we have with these roads are the water utilities within them. If something catastrophic were to occur impacting Crestwood Road, central and west Kaysville would be without water. The lines that were installed along here are asbestos concrete and are very brittle. They would not hold up if something catastrophic were to happen.

Council Member Blackham said that he would prefer to wait until UDOT's road projects on Highway 89 and the West Davis Corridor are complete before doing either of these road projects on 200 North and Crestwood Road.

Josh Belnap said that the West Davis Corridor is planned to be completed sometime next year, and Highway 89 should be completed by the end of 2023. The design alone for the road projects on 200 North and Crestwood will take eighteen to twenty-four months to complete.

Council Member Jackson said that he does not think the city should delay these projects because our water resource would be significantly impacted in a disaster in its current state.

Dean Storey commented that going through the design process would help to give us a more accurate estimate for construction costs.

Josh Belnap added that the Crestwood Road and 200 North road projects are the most critical projects we have in the city right now.

Dean Storey reviewed the budget for the city's electric infrastructure and commented that the two major upcoming power projects involve improvements to two substations. The city has ordered two transformers for the substations, which are impact fee eligible.

Power Superintendent Brian Johnson commented that the city should be getting the first transformer this fall for the Schick Substation. The second transformer that was ordered is for the Burton Substation, but it will not arrive until the fall of 2024. Right now, we are running our transformers over 100%. One of our transformers ran at peak load last summer, but we were able

to redistribute loads throughout the city so that all of our substation transformers were helping with the load. However, if one of our substation transformers were to go out or have a complication, we would not have the ability to provide power to some sections of the city because our other transformers we would be far overloaded. The two new substations will make it so that at any given time we could take any substation transformer within our city offline and still have the capacity to keep the power on throughout the city without stressing the system. They will also provide for several more years of growth in the city. However, we may still need to upgrade some of our transformers in order to keep up with the projected growth for the city. The city should have ordered these transformers long ago. We are hoping that nothing catastrophic occurs before we get the transformers in place. We are not doing away with our existing transformers, just adding to them.

Council Member Jackson said that he would like to see the city have a power generation facility.

Brian Johnson commented that it is something that they have been looking into, but it would cost the city many millions of dollars to build.

Council Member Jackson asked about the proposed capital asset equipment purchases and how critical each item was. Council Member Jackson asked about the proposed replacement of gym equipment.

Police Chief Sol Oberg said that their current treadmills skip while people are using them, which is a safety issue. The city made an investment by building their police station, and every item he has requested for their building or for their vehicles is in an effort to take care of the city's investment.

Council Member Jackson said that he would like to see the replacement gym equipment be delayed for another year.

Dean Storey commented that he does not recommend that the city get out of the current rotation for vehicles, especially when we have over thirty police officers who need access to vehicles. Getting out of the rotation will just cause us to have to catch up later on.

Chief Oberg said that if the city cannot keep competitive wages, he would have a hard time keeping police officers staffed.

Josh Belnap commented that the gym equipment at the police station is used by other city employees, not just the police. Many of his employees use the gym at the police station during their lunch break. Some of his employees have expressed that they prefer to use the gym at the police station rather than going to a local gym because there are less people there.

Dean Storey said that we want to stay ahead of the maintenance curve with our city vehicles and therefore it is important to replace our vehicles on a regular schedule.

Council Member Blackham asked about the proposed ambulance.

Fire Chief Paul Erickson said that they had been told from the manufacturer that it would take 24-28 months to build a new ambulance. By that time, the city's oldest ambulance will be twelve

years old and need replacing. Right now, their department often has two ambulances out on calls 25% of the time. Their third ambulance is used for when there are overlapping calls, or if one of the other ambulances is out for maintenance.

Dean Storey said that the last ambulance to be paid off will be paid within the next year, and there has been some discussion about delaying the proposed ambulance for another year until that debt service is paid off.

Council Member Blackham said that he was disappointed to see that the city had purchased electric vehicles in recent years because electric vehicles devalue very quickly.

Chief Oberg said that a couple years ago he had been given direction that the city council wanted him to consider purchasing electric vehicles. Their department resisted purchasing them for a couple of years, but he continued to be asked to look into buying electric vehicles, which is why they had purchased them as a trial run. At the same time, they also tried to order some pickup trucks but the dealership told them they could not get their trucks they needed. It wasn't until the following year that the dealership said that they had pickup trucks for them, but by that time, they did not have the funds or the support to purchase them and were only able to purchase one truck.

Dean Storey commented that the city's fleet replacement program seems to be working great in our other city departments.

Josh Belnap added that the replacement program had made a huge difference in his department because they have not had to do as much maintenance on the vehicles and they are more reliable. Mr. Belnap said that half of their maintenance fund goes towards purchasing fuel. One reason electric vehicles were considered to be purchased for city vehicles was because we have our power fund, as well as the electric vehicles might be better for other departments that don't drive their vehicles as much or don't need to carry equipment in their vehicles.

Council Member Blackham said that he would like to see that the city purchase vehicles that we know are reliable and can resold for good value on the market.

Dean Storey said that there might still might be some opportunities for electric vehicles for certain departments.

Council Member Blackham said that he would like to see the ambulance bought as a lease purchase.

Dean Storey reviewed the compensation schedule for city employees.

Council Member Hunt asked that as the council reviews the compensation schedule for employees that they frame their conversation not in terms of what is the least they could do for the employees, but rather in terms of people's needs in order to survive. The cost of living adjustment number isn't just a random number used to extort money out of cities. As someone who is younger, Council Member Hunt said that she has somewhat of an understanding of what the younger workforce is thinking. They have been told their whole life that social security would not be available for them when they get older. The younger generation feels that they have to go where the money is at so they can save money now to protect themselves later. The city will probably

lose good people if we do not keep competitive wages. Things are different now even than they were a few years ago. We are staring down the barrel of uncertainty that comes with looming economic issues. Our employees deserve to have some certainty about the future. We would be speaking out of both sides of our mouths to say that our city employees are great, but then come back in these budget meetings and not consider paying them a fair and competitive wage. Our employees work hard. They are called out on holidays and weekends, they work through the night, and our public safety employees witness the horrors of crime and death. Some of our employees cannot even afford to fill up their vehicles with gas to go somewhere to use their time off that we have given them. We need to do better for our people. While council member's current situations might not be ideal personally, we don't need to make it so anyone else has to be in that same situation as well. Losing skilled and passionate workers who have built the environment that we have prized in our departments will only force us to give subpar care and services to our residents. The help we have to hire for the cut rate wages we are willing to pay will be less than what our residents deserve. We will continually be stuck in a rut of training new people who will then leave to go to jobs that will pay them for the skills that we paid them to have. We will pay expensive training costs every time we lose a skilled employee, which in the end will even out to more than what we would pay for a salary increase now. All of our departments are experiencing challenges finding people to hire. Loyalty doesn't just go one way. We have a responsibility to our residents to be responsible with their tax money, and we are doing them a disservice if we do not use their money wisely and getting them those intangible things that a fair wage can pay. We need to look to the future and move forward with this, and not just look at it as a way to cut the budget, because if we do we would be doing a disservice not only to our employees but also to our residents.

Mayor Tran said that some residents and employees have been listening to the council discussions, and are speaking with counterparts in other cities. It is the council's responsibility to not only maintain the budget, but also to be responsible to our community by providing the quality services, care and professionalism that residents expect. We cannot provide that if we continue to lose our employees.

Chief Erickson added that our employees are passionate about what they do and they know that the council is doing what they can with the budget.

Dean Storey said that we want to send the message to our employees that they are the most valuable resource we have.

Council Member Oaks said that it comes down to the fiscal realities. Property taxes went up from the county last year and will likely go up again this year. The city will also have to raise our taxes this year as well. We need to consider what the city can afford. Is it more important to hire new people, or to keep the people we already have and make their wages more competitive so that they do not leave.

Dean Storey said that it is important that the city take care of our employees. There is a greater need to take care of existing employees.

Mayor Tran commented that she is appreciative of our employees because they are willing to do more work, especially if they know that what they do is valued. We need to send them the message that they are valued. In 2021, the city held the tax rate and used our fund balance to cover the deficit in the budget. Last year the city council decided not to hold a Truth in Taxation and just

used fund balance again to cover the deficit in the budget. This year we have an even bigger deficit that we are facing in our budget because we did not make incremental decisions to prepare for the future. We need to decide what is best for the city moving forward. Making incremental tax increases a little at a time each year makes it so we do not have to have a huge tax increase in the future in order to catch up. The council and staff have spent a lot of time looking at all of the options we have to try to keep cost down, and we are trying our best. If we don't take care of our people then we have nothing to offer as a city. It is our job to be responsible for our citizens, but we are also responsible for the assets of the city, which includes our employees.

Council Member Jackson said that he does not want to upset employees or make it harder for employees to do their jobs. However, the council has to be accountable to our residents. We want to keep our talented employees and make sure they are compensated well.

Josh Belnap said that he feels that the department heads could try to do a better job communicating with elected officials on potential or actual concerns from employees because he doesn't want elected officials to feel like employees are upset with the council. His employees do watch the council meetings and speak with other cities about what is going on. Cost for materials has gone up and continues to rise. It seems that staff and elected officials are proud of the level of service that our employees provide to the community, and nobody wants to see that level of service change. Mr. Belnap said that he had noticed an unusually large amount of unused PTO with his staff and when he asked them about it he was told that many of them had not used it because they could not afford to go on trips with the increased cost of fuel. Some have expressed how inflation has made it hard for them to pay their bills. Still, he had not been hearing complaints from Staff about wages being unfair, and he appreciates the council reviewing employee wages. Our employees would never hesitate to drop whatever they are doing to go and help a resident. Some of the employees feel like they have no choice but to look at other employment options in order to make a little more money to pay their bills. Our employees love the city and enjoy working for the city.

Council Member Adams said that he would like department heads to let their staff know that the council would love to be able to afford to give employees much higher wages. We are all feeling the effects of inflation. Council Member Adams said that he had gotten the feeling that employees were expecting that the council approve a certain percentage.

Council Member Blackham agreed and said that council members represent many people who are struggling right now. Employees need to understand that they were hired to do their jobs and there is an expectation for them to do their job well. However, we all also need to keep in mind that we have residents in the city who are on a fixed income and a tax increase will really affect them. Council Member Blackham said that the merit increase should not be touched because that is between the department heads and their employees. However, the department heads need to know that the council does not want the 3% merit increase to be given to just any employee. Council Member Blackham suggested a tiered cost of living increase so that those making more would get less of an increase than those who are not making as much, because the cost of living and inflation is more impacting to those who don't make as much. Council Member Blackham said that he is convinced there is two-million dollars of excess power fund reserves and suggested that the city give some of that money back to our residents to help them out. Our city ordinance says that if we have excess monies in the power funds then it should be given back to the people.

Dean Storey said that when the city looks at rates, the city could designate a portion of those rates

for transfers. With how power rates have been lately, and with the city's existing infrastructure, it makes him nervous to consider taking funds out of the power fund. Mr. Storey added that city ordinance mentions that in order to give any kind of funds back to the residents, it has to be done through a reduction in rates.

Mayor Tran said that times have changed and working for the city is different than it was in the past. There is a different work ethic and we have a younger workforce now. This younger generation has a different mentality and certain expectations. In order to retain our workforce we need to think differently than we have in the past. We cannot think of wage increases as a way of caving to demands, but rather of a way to have competitive wages in the workforce. It has been an understanding that if you work for the government you likely will be paid less but will have more benefits. Working for the government is different from working in the private sector, and the workforce is different. If the city does not have the employees we need, we are not providing the services for our city. The cities in Davis County need to have a discussion with the county in regards to property tax rates.

Community Development Director Melinda Greenwood said that department directors are hardworking and work long hours without being paid overtime. Just because the directors are paid more, doesn't mean that they should be penalized or treated differently because of it. However, most of the directors would likely say that if they would be able to retain employees and have a better workplace, they would likely support their not receiving a cost of living increase. With the stress that the directors have to deal with and the professionalism they all show, it is fair to ask that they are treated the same as everyone else.

Chief Oberg commented that he is concerned by the comment about higher paid employees receiving less of a cost of living increase because those higher paid employees within his department are his supervisors. Those supervisors have more burden put on them and are expected to do more and do better. It is the group that is most relied on. To disenfranchise them would not be good.

Council Member Blackham said that he struggles with the 60% wage difference in the current wage structure. When looking at the compensation study results, it shows that 30% of our employees that are being paid above the market average, and 46% that are being paid below average. That gap should be a lot closer.

Levi Ball commented that the 1% of employees that are getting paid 20% below average are many of the higher paid positions.

Dean Storey said that wages need to be adjusted so the city stays competitive. We want to stay average or better than average in the market.

Council Member Adams asked about the general feel from employees about considered cost of living increases.

Chief Oberg said that there doesn't seem to be any bad feelings towards the city council. Employees are aware that the city typically bases cost of living increases off what URS is doing. Maybe some of the expectation from employees has come as they have seen other surrounding cities give their employees substantial cost of living increases last year.

Council Member Blackham said that last year the URS gave an 8% increase, but said they could only afford to give 4%, which means retirees will automatically receive a 4% increase this year. Council Member Blackham suggested doing something similar.

Dean Storey responded that it could be done, but it does not help the city's current situation of where our employees' wages are at in the market.

Council Member Hunt commented that Kaysville's property tax rates have always been on the lower end compared to other cities within the county, and we do not have a lot of sales tax revenue that comes in. We have to be able to continue to pay for the services we provide. We cannot continue to keep our property taxes the same and still provide the same level of service.

Mayor Tran added that there are benefits to living within Kaysville, but there is a cost for it too. We have to pay for the quality of life we want here.

Dean Storey said that Staff is suggesting that the council approve a market adjustment to wages for all employees. There are five positions that are significantly below their average market salary, and those positions need to see an adjustment to their salary range. Getting our employee's wages to be competitive with market wages is not something that will be able to be fixed in one year.

Mayor Tran asked about extra money not given to employees through merit increases.

Dean Storey responded that it is put back into the general fund and carried over for the next year.

Council Member Blackham said that he would like to meet again as a city council before approving the tentative budget.

Dean Storey reviewed the fund summaries of the city budget and explained that there is a deficit the city is facing. Mr. Storey said that he had spoken with department heads and they have decided to shift some capital improvements to next year. They will also be looking into doing a lease purchase for the ambulance. The IT Department had proposed a software program, Arctic Wolf, to come out of their operating budget, but we will ask them to look into other avenues for cybersecurity that may be less expensive. All fleet vehicles, with the exception of the police department's, are suggested to be funded through fund balance. The city has about 3.5% of interest earnings that will be accounted for in the tentative budget. Other miscellaneous items will be addressed before the tentative budget. Even with these changes, the city will still have to use some monies from the fund balance. However, Staff feels that with these changes, we have lowered the deficit to the point where we are only looking at a tax increase of about \$1.4 million. This means that for a \$600,000 home, property owners would see about a \$10 a month increase in property taxes next year. This seems to be a reasonable amount, especially since the city did not raise taxes last year. The most important thing this proposed tentative budget does is that it includes a market adjustment to help show our employees that they are valuable to the city.

Council Member Jackson suggested having a slightly higher tax increase to put the city in a better place financially for future years.

Dean Storey asked if the council members were comfortable with the proposed tentative budget as

discussed.

Council Member Blackham said that he was not and would like to sit down with the city council members in another work meeting to discuss the budget in further depth.

Dean Storey asked if there was anything in particular that Council Member Blackham would like to see changed in the proposed budget.

Council Member Blackham said that he was not sure.

Council Member Adams asked Staff to provide a market comparison of each job position to the next work session.

The Council Member decided to hold a work session on Wednesday, May 10, 2023 at 3:00 p.m. to continue the budget discussion.

Mayor Tran said that she would like to see council raises be removed from the proposed budget.

Council Member Jackson said that he would prefer to see the council raises stay in the budget.

Council Member Hunt said that there are many things in the proposed budget that the council has asked staff to delay, and it seems most appropriate to delay an increase in council wages for another year.

ADJOURNMENT

Council Member Adams made a motion to adjourn the City Council work session at 11:25 a.m., seconded by Council Member Hunt and passed unanimously.