

KAYSVILLE CITY COUNCIL
BUDGET WORK SESSION
May 10, 2023

Minutes of a special Kaysville City Council work session held on Friday, May 10, 2023 beginning at 3:00 p.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

OPENING

Mayor Tran opened the work session and welcomed everyone present.

FY 2024 BUDGET REVIEW AND DISCUSSION CONT.

Finance Director Dean Storey commented that Staff is providing their best information to the city council to help them decide what they feel is best for the city. In the previous city council work session, Staff had proposed reductions to the proposed FY 2024 budget to try to lessen the impact of the proposed property tax increase.

Council Member Jackson arrived.

Dean Storey reviewed the adjustments made to the general fund. Included in those adjustments was the addition of the interest income and income from asset sales. The ambulance purchase has been changed to a lease purchase and delayed until FY 2025. Police building improvements and the purchase of Arctic Wolf software have been delayed. There will be use of fund balance to purchase the fire station capital purchases and fleet, with the exception of police vehicles. This is just the tentative budget and things could change before July. The city still has not received assessed property values from the county.

Mayor Tran commented that she had recently spoken with the Mayor of Fruit Heights City and there is a strong chance that Kaysville will again be supporting their city with fire protection and EMS services next year. This will help bring in a little more revenue. We have also received many requests towards getting a Trader Joes in the city, which could help with bringing revenue if it comes to fruition.

Dean Storey said that the city's proposed FY 2024 budget currently has about a \$1.1 million deficiency. Staff is proposing that the deficit be filled by a property tax increase. With the proposed increase, the city will be able to continue to provide the same level of service to our residents and businesses. We are also accounting for multi-year inflation costs with the increase. It also helps us to keep our compensation plan market competitive. It accounts for prior year

revenue loss from Fruit Height fire protection, and also accounts for prior year public safety increases. It was discussed last year that taxes would likely need to be raised in order to cover the cost of the public safety increases. The proposed tax increase would require about \$9.30 a month for a residential home with an average market value of \$600,000. This proposed tentative budget is on the city council's May 18, 2023 agenda for adoption.

Council Member Oaks said that he had been struggling with the proposed employee compensation increase because it bothers him when he hears that public servants deserve raises. Council Member Oaks said that he served in the military for years and feels that any increases for public servants should be based on merit. If the council approves any increase to wage besides merit, it is an act of kindness or a gift. Any raise should not be expected from our employees because that is not what public servants signed up for when they took their jobs.

Council Member Blackham said that we didn't force any of our employees to take a job here. When they took their job, they knew what they were getting into and what is expected of them. People take their jobs very seriously, and that is what is expected of them. Council Member Blackham said that he never wanted to be appreciated for the job he was doing, he just did it because it was his job. Council Member Blackham said that he appreciates what employees do, but they know what they would be expected of them when they took their job. Council Member Blackham said that he had spoken to some of the people he knows and found that very few companies are giving their employees any kind of wage increase, and if they are giving an increase, it is very little. He is uncomfortable giving city employees an 8% cost of living increase.

Dean Storey said that merit goes to those who show they are deserving of that merit increase. The proposed adjustment to the compensation plan is to address the issue of keeping our wages competitive in today's market so we are paying our employees similar to what other cities pay for that same position. We cannot compare what is happening in the private sector to what is being proposed for our government employees because it is not the same industry. The private sector's wages tend to be higher than the public sector.

Council Member Blackham said that those with higher salaries would end up getting a higher cost of living increase. We need to try to get it so people can live and work in Kaysville. Those who make higher salaries already have a house, while those who are paid less cannot afford a house. If we keep moving higher salaries even higher, those being paid a smaller salary needs and even higher increase to close the gap between the two. There needs to be more equalization between those with higher salaries and those with lower salaries. Most of our employees are being paid above the market average. If an employee wants to go to another job elsewhere to try to make more money, we should not ever stop them from doing that.

Dean Storey said that we hate to lose valuable employees that we have trained and equipped, just to have them to go elsewhere. We have invested in them.

Council Member Jackson said that there is a positive culture in Kaysville. Council Member Jackson suggested having a tiered system so that those who have a higher salary would get a smaller cost of living increase than those with lower salaries. Maybe the tiered system could be based off job positions.

Council Member Blackham said that if the city gives those with higher salaries the same

percentage of cost of living increase as those who don't make as much, the city is just creating a larger gap.

Council Member Adams said that he does not like the idea of a tiered system because it is unfair. The city needs to give the same cost of living increase to all employees. We need to be more concerned about job positions that are being paid lower than what others with the same position in the same industry are paid. We cannot try to increase wages through cost of living increases for these positions that are being paid lower than the market average.

Council Member Hunt said that some of the city's job positions are 38% below the market rate, and those are the positions that we should be giving more of a raise to get them closer to their market average.

Dean Storey said that city Staff had gone through each position in the city and compared salary ranges with those on the market. We identified how far off some of our job positions are in comparison to the same position in other cities. Because of the police department salary increases last year, those job positions are still considered above average, but that is what we want. There are several other positions within the city that are not close to the average wage. Those positions that are more than 20% below their average market wage, we want to move their salary range closer to what the market is. This is something that is not going to be fixed in one year, but we want to continue to strive to keep our compensation plan competitive. Mr. Storey said that he would like to eventually see all job positions at 5% above the market average.

Council Member Blackham said that he would like to see that these positions be compared to cities with are both of similar size population and budget.

Dean Storey responded that Staff feels that what is being presented today is equivalent to cities of similar size.

Assistant Finance Director Levi Ball said that the council needs to decide what standard they want to set, not just for this year but also for years to come. It will negatively affect our city if we continue to keep our wages below average.

Mayor Tran said that those who have higher salaries should not be penalized. Those higher paying positions tend to have more responsibilities and requirements for the job. Cost of living increases should be the same for all employees.

Council Member Blackham said that those who have worked five to ten years for the city have just as important of a job than anyone else does. Those who are getting paid \$60,000 a year or less cannot afford a house these days.

Mayor Tran said that those who are applying for a \$50,000 a year job position don't tend to have or need the skillset as one who is applying for a \$90,000 a year position.

Dean Storey agreed with Mayor Tran and said that the city's jobs are valued based on several factors, including knowledge, skills, and abilities.

Council Member Jackson commented that the city cannot control if our neighboring cities raise

their employee's salaries. We want to keep our wages competitive, but Kaysville does not need to be at the top of the market with our wages.

Dean Storey said that if we had several positions that were extremely above average, than doing a tiered system would make more sense, but we aren't in that position. Many of our current job positions are not even at their average market wage. The positions that are the most below market average and need to have their salary range adjusted are the assistant finance director, city attorney, building permit tech lead, city engineer, fire engineer – paramedic, and the fire engineer – AEMT.

Council Member Adams asked about police wages after they received an increase last year.

Dean Storey responded that they are where they need to be with the market as of today, but they will likely need salary adjustments next year.

Council Member Blackham said that he feels that the city is paying too much for the city attorney position.

Dean Storey commented that in looking at the current market, the city attorney position is very below what other city attorneys' salaries are.

Council Member Oaks said that we need to get our employees closer to what the market is for their positions because we do not want to lose our people.

Dean Storey commented that a decision did not need to be made today. The council could move forward with approving the tentative budget and still have further discussion about employee compensation before approving the compensation plan in June.

Council Member Blackham said that about four years ago the city did a salary adjustment to raise the salary for all positions. The city also recently took sick leave and vacation leave and combined it into a PTO plan. The city has also gone from twelve paid holidays to fourteen paid holidays each year, and we now allow family leave. All of these things come at a cost and he feels like it is never enough for our employees.

Council Member Jackson said that there are many employees who drive city vehicles home and fill those vehicles at the cost to the city.

Dean Storey responded that there are certain stipulations that employees have to meet in order to be able to drive city vehicles home.

Council Member Jackson said that he feels that council members should be compensated for the work they do, and he would support an increase to their wages. However, he also feels that with the proposed tax increase, as well as considering all of the city employee positions that are below the market average, this year is not the year to propose an increase to city council positions.

Council Member Adams said while he understands that the city council is accountable for the city budget, the council needs to keep in mind that they aren't supervising any of these employees besides the city manager position. Council members need to trust and support department heads with what they say are their needs for their departments.

Council Member Blackham said that he wants to be able to help close the housing gap that is currently happening and make it easier for our employees to be able to afford a house. He is trying to take care of the lower tier employees in this time of a recession.

Mayor Tran said that it is not just Kaysville but also the whole world that has changed over the last five years in a drastic way. Kaysville cannot fill in the housing gap for the whole world. However, at the same time, our employees are working so hard and doing much more than they were ever hired to do. It might seem like a lot to ask for an 8% increase for cost of living, but it really will not be that much in the end. This does not seem like a hard decision to make. The city is well managed right now and it is not asking much to ask residents to pay \$10 more a month to continue the same level of service they are currently getting.

Council Member Blackham said that residents are going to be hit with taxes because of the changes being made with Davis County Animal Control.

Mayor Tran said the city has no control over county taxes. It is the responsibility of the city council to protect the city's assets, which includes our employees. Our employees have created the relationships that we have within the city because they are out there with our residents daily. People come into the city offices all day with questions, concerns and complaints of which our employees take care of.

Council Member Adams said the city was originally considering an 8% cost of living increase, but suggested that instead of the 8%, that the city give all employees a 6% cost of living increase, and then use the money from that other 2% to increase the salary of those employees who are the furthest away from their market average. This will help those who are furthest away from their market average to get a little closer to where they should be. Doing this will not affect the proposed tax rate increase. Increasing taxes by \$10 a home each month is a fair amount to ask.

Council Member Blackham said he is not comfortable giving a salary increase to someone who has a much higher paying salary in order to get them closer to where their average wage for that position is on the market.

Council Member Adams said that it is not fair to penalize those who have a higher salary when the market tells us that they are way below what they should be being paid. The cost of living increase and inflation has affected everyone, no matter what you make.

Mayor Tran said that if we do approve Council Member Adams' suggestion, department heads need to know that the council is asking them to be more open and judicial in giving merit to those more deserving employees. Mayor Tran said it is her understanding that maybe one or two employees in each department is given the maximum merit increase each year.

Council Member Blackham said that he likes Council Member Adams' suggestion; however, he feels that the monies from that extra 2% should be given to those who are less fortunate and have lower salaries. Council Member Blackham said that he does not agree that those with higher salaries should be given more than a 6% cost of living increase at this time.

Dean Storey said that we do need to be concerned for those making less, but we also need to make

sure our wages are competitive on the market as well.

Council Member Oaks suggested adding additional money to the 2% so that we are able to get more employees closer to where they need to be at on the market.

Levi Ball commented that in order to do that, the overall tax increase would go up as a result; however, it would really help the city to be more competitive with our wages.

Council Member Adams said that he would like to see that no job is below 5% of their market average.

Council Member Blackham said that any job positions that are currently way above their market average should not see any increase in their salary.

Council Member Adams said that they would still get a cost of living increase, but they would not get any of the extra 2% the council is considering.

Council Member Blackham said that every time we give those with higher salaries a salary increase we are just widening the gap.

Levi Ball explained to the city council how the study comparing salary ranges for each job position was conducted.

Council Member Blackham said that he would like to know the budgets are for the cities we are comparing job positions. Council Member Blackham commented that he does not want people to feel that taxpayers are an open-ended revenue stream. Council members have committed to being fiscally responsible and to try to not raise taxes. Council Member Blackham said that in Kaysville City's 2022 audit it reported that the city had 9.2 million dollars of unrestricted funds in the power fund. If there is still not 9.2 million dollars in there, then someone might be in trouble because the council has not approved that money to go anywhere else but to remain in the unrestricted fund balance.

Levi Ball responded that there is less than 9.2 million dollars in there now because since the audit was done on June 30, 2022, the city has lost another 2 million dollars. This is due mostly to the cost of power going up substantially since and the city has not received enough power fund revenue to cover the cost of the increased power rates.

Council Member Blackham said that the city has 2.5 million dollars with UAMPS to cover increased power rates. The 2 million dollars that was taken from the unrestricted balance was never approved to be transferred to another account or to be put as a line item into the budget.

Dean Storey said that the council has to take into account what has happened to our power operations since June 30, 2022. The money taken from the unrestricted fund balance was used to cover operation costs because there was not enough revenue coming in to cover costs. There will likely be another 2 million dollars that will be taken from that power fund within the FY 2024 budget.

Council Member Blackham said that he feels that the city should take some of the unrestricted

power fund balance and give it back to taxpayers.

Dean Storey said that the money being held in the unrestricted fund balance is not there to give back to ratepayers. The city council just recently approved a power rate adjustment because of increased power costs and we are still not bringing in enough revenue to cover costs. The 2 million dollars that was used from the unrestricted power fund balance went to pay the deficit in the power fund, caused by increased power rates. It was unrestricted funds used for power operating costs. It was not used for anything else. As of April 30, 2023, the net revenue over expenditures in the power budget has a deficit of 1.7 million dollars. Twenty years ago, power was a lot cheaper, and those days are long gone.

Council Member Blackham said it is frustrating because we live in a natural gas producing state and our gas is being shipped overseas.

Council Member Adams said that the city needs to focus on shrinking the gap for those job positions that are below the market average. Council Member Adams said he would like to see all positions at 5% below the market average or above, but does not want one position to get an increase of more than 10% this year, with the exception of those five positions that were discussed earlier.

Council Member Blackham said that he would like the city to concentrate any increases to job positions that are making below \$90,000.

Dean Storey said that we want to make sure we still have market competitiveness. High-end positions have just as much of a fighting market right now as lower positions.

The council had a general consensus to move forward with adopting the tentative budget as presented and to adopt the budget at their next council meeting.

Council Member Blackham commented that he hopes to hear people's thoughts about the proposed wage increase.

Dean Storey said that this proposed wage increase is not just to help keep the city's wages competitive, but to also be able to provide the same level of service to our community and to account for multi-year inflation costs. It is much more than just paying our employees.

ADJOURNMENT

Council Member Adams made a motion to adjourn the City Council work session at 4:23 p.m., seconded by Council Member Oaks and passed unanimously.