KAYSVILLE CITY COUNCIL
WORK SESSION
April 24, 2024

Minutes of a special Kaysville City Council work session held on Friday, April 24, 2024 beginning at 4:00 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, Council Member Perry Oaks

Staff Present: City Manager Jaysen Christensen, Finance Director Dean Storey, Assistant Finance Director Levi Ball, City Recorder Annemarie Plaizier

OPENING

Mayor Tran opened the work session and welcomed everyone present.

REVIEW AND DISCUSSION OF THE TENTATIVE FY 2025 BUDGET

City Manager Jaysen Christensen addressed the council regarding the replacement of the zoning administrator position. He emphasized that this change would not have a negligible impact on the current year's budget and would not increase the total number of full-time employees. The new senior planner position, however, comes with a higher salary range, approximately $15,000 more at the top end compared to the zoning administrator position. The expectation is that the new hire would not start at the top salary range, likely beginning around the midpoint.

Dean Storey explained that hiring typically occurs at or below the midpoint of the salary range, depending on the candidate's experience.

Jaysen Christensen highlighted the competitive nature of the job market for planners, suggesting that a higher salary would help attract qualified candidates. He underscored the benefits of having a professional planner for tasks like plan reviews and code advice, particularly as the city anticipates redevelopment projects.

Council Member Blackham questioned the necessity of the position, as there seems to be less subdivision development occurring in the city.

Jaysen Christensen responded that the position would be beneficial for upcoming redevelopment projects and could prevent issues similar to those experienced with past projects, such as the recent onslaught of many carwashes in the city.

Council Member Oaks inquired whether the senior planner would also handle zoning administration duties.

Dean Storey responded that they likely would and added that this is a reclassification of the zoning administration position.

Concerns were raised about whether the new senior planner might feel overqualified for code enforcement tasks.

Jaysen Christensen reassured the council that city employees typically perform multiple roles and that the senior planner would be aware of these duties.

Mayor Tran added that the senior planner could also assist with updating city codes, potentially saving costs allocated for external consultants.

Council Member Hunt expressed support for reallocating budget funds from code review to hiring the senior planner, citing the long-term planning expertise needed in the city.

Other council members discussed the potential impact of having a professional planner on future developments and the importance of making the most of remaining key project areas.

Jaysen Christensen indicated that the next steps would involve proceeding with the hiring process, with the hope of having someone hired by July 1st.

Dean Storey initiated the budget discussion by outlining the intent of the meeting, which was a follow-up to the last budget retreat aimed at preparing for the tentative budget adoption scheduled for May 16. He emphasized that after approval, the tentative budget would be available for public review and feedback, allowing ample time for adjustments before the final budget adoption in June. Mr. Storey also mentioned the possibility of additional meetings if the council deemed them necessary and outlined key dates for public hearings and potential final budget adoption. Some of the main agenda items included proposed fee schedule changes, budget gaps in personnel, operations, and capital, and the implications of tax rate adjustments.

Council Member Oaks questioned if the fee adjustments were purely cost-covering, to which Mr. Storey confirmed they were, although some fees might not fully cover the costs.

Specific changes were highlighted, such as the elimination of video recording fees (except in legal matters) and adjustments in utility connection deposits. Changes in waste and sewer fees, reflecting pass-through costs from Central Davis Sewer District, were also noted.

A significant discussion point was the proposed changes to the power system rates.

Dean Storey said that staff was suggesting an increase in the customer service charge by $1 per month for residential users and adjusting the tiered structure to start the tier rates at up to 400 kilowatt-hours (kWh) instead of 1000 kilowatt-hours (kWh) as it is now. This proposal included a 5% increase in rates. The average residential usage is about 900 kWh, but the 400 kWh threshold is being proposed based on practices in other cities.

Council Member Jackson arrived.

Council Member Blackham expressed concerns about implementing both an increase to the customer service charge and a tier adjustment with a 5% rate increase, arguing that it would lead to substantial cost increases for residents, particularly since the shift from 1,000 kWh to 400 kWh, as the baseline for higher rates was already significant. He suggested that a single adjustment should suffice.

Dean Storey noted the city's need for increased revenue, even with the proposed changes, to maintain services and financial stability.

The discussion highlighted varying perspectives on balancing necessary revenue generation with minimizing financial impact on residents.

Council Member Adams proposed eliminating the 5% increase for residential rates above 400 kilowatt-hours (kWh) to maintain a consistent rate for the first 400 kWh and beyond.

Dean Storey noted this adjustment would significantly impact revenue.

Council Member Adams suggested a review of potential revenue differences if the 5% increase were limited to commercial rates instead.

Council Member Blackham indicated a willingness to support the adjustment if the rate increase applied only to commercial entities, as they have the ability to adjust their prices to absorb the cost.

Dean Storey confirmed he could reassess the revenue implications of these adjustments.

Council Member Adams suggested the need to consider revenue impacts of maintaining the rate structure for residential customers.

Levi Ball offered to project the revenue impact of changing only the first 400 kWh rate, excluding the additional 5% increase for residential users.

Dean Storey noted that they might not have the specific numbers at that moment but could prepare them for further discussion.

No final resolution was reached on the dual increases, leaving the matter open for further consideration and potential revision before the final budget adoption.

Council Member Blackham expressed frustration about what he felt was a lack of a comprehensive budget discussion, stating that although departmental presentations were given, the council had not fully deliberated on the overall budget.

Council Member Jackson acknowledged this sentiment and said he felt there was a gap between understanding and achieving a finalized budget after all of their work sessions.

Mayor Tran said that their budget discussions had been ongoing with each work session they had.

Jaysen Christensen and Council Member Adams clarified that the current meeting aimed to present a balanced budget after departmental adjustments. They noted that today's discussions were a culmination of previous meetings, intended to present the most balanced budget proposal possible based on staff efforts.

Dean Storey continued to address the budget gaps, explaining the approach taken to manage the discrepancies. He highlighted that, following the council's direction from previous work sessions, although the department heads' original budgets were deemed necessary, they were asked to further identify deferrals and potential use of fund balances to address the budget shortfalls. The deferment of about $1 million and the utilization of $800,000 from the fund balance still left a gap in the general fund.

Council Member Oaks inquired whether sales tax or other revenues might help reduce this gap, recalling past instances where such revenues exceeded expectations.

Dean Storey acknowledged this possibility but noted current sales tax trends appeared flat, and that they are not seeing much increase as we have in recent years.

Council Member Blackham asked about the inclusion of carryover funds from the previous fiscal year budget in the calculations.

Dean Storey clarified that the fund balance calculations had been included in these considerations, but staff did not anticipate seeing a significant carryover from FY 2024.

Council Member Oaks voiced concerns about deferring items, noting that deferred items from previous years were becoming more expensive over time.

Dean Storey then transitioned to discussing specific funds: efforts for the Road Fund included moving rail trail improvements from the general fund to the Road Fund, utilizing active transportation money, with major projects like the 200 North project ($2 million) and the Mutton Hollow project ($3 million) consuming significant portions of the Road Fund balance. The Water Fund still showed a gap, while the Power Fund faced a $1.15 million shortfall despite rate changes. Mr. Storey expressed unease about utilizing too much from fund balances and stated that it is predicted that there will be a potential need to raise power rates again within six to nine months.

Council Member Hunt clarified that the Enterprise Funds would not impact the general fund but would come from their respective revenues.

Council Member Oaks, highlighting Dean Storey's cautious nature with financial risks, asked if Storey felt comfortable with the proposed fund balance usage.

Dean Storey reiterated his concern, particularly about the Power Fund.

Dean Storey detailed the operational deferrals and reductions across various departments. For Information Systems, security and file storage plans were deferred. The Land Use Code Update was suggested for delay. The Fire Department faced cuts to EMS supplies and additional paramedic school training. Public Works experienced reductions in salt for snowplowing and sidewalk maintenance. The Parks and Recreation Department saw cuts in contract services for restroom cleaning and fertilizer, among other items. The Police Department also underwent additional reductions.

Mayor Tran raised concerns about essential services, questioning the impact of reduced funding for salt for snowplowing.

Dean Storey explained that such reductions might mean less frequent salting, posing operational challenges for departments. Mr. Storey also pointed out the rising cost of fertilizer for city parks, and the proposed reduction in fertilizer costs within the budget. Reducing fertilization from three to two times per year could initially go unnoticed but might have long-term consequences.

Council Member Jackson raised an issue with sidewalk maintenance, emphasizing the poor condition of sidewalks on the east side of town and expressing dissatisfaction with the proposed reduction in budget allocation for sidewalk maintenance.

Mayor Tran asked about the adequacy of salt storage for winter needs.

Dean Storey replied that the city's current storage might suffice unless we experienced a harsh winter.

Council Member Hunt inquired whether the reduced EMS supplies included the LUCAS device, a crucial piece of emergency equipment, or if it remained in the budget.

Dean Storey replied that it would be discussed later in the meeting. Mr. Storey explained the approach to address the operations gap, emphasizing efforts to identify items to defer or eliminate within the budget. Moving to capital items, Mr. Storey explained that those items proposed to be deferred or eliminated were marked in black, while those suggested for fund balance usage were marked in red, maintaining fund balance use for capital rather than operational items. Mr. Storey said that it is being proposed that the cremation garden project be deferred, while other items, like the ambulance lease purchase, had deferred payments beginning in FY 2026. The LUCAS device purchase was reduced, and the need to equip a newly arriving fire truck was prioritized. Mr. Storey expressed concern over relying on fund balances for playground replacements, advocating for integrating these costs into the regular budget.

Council Member Oaks questioned the feasibility of deferring necessary expenses, like outfitting the new fire truck.

Dean Storey clarified that outfitting the new fire truck was an item added since the council's previous meeting as staff was recently made aware that the fire truck we had ordered was going to be completed earlier than anticipated. Outfitting the fire truck has added $130,000 to the updated FY 2025 budget.

Council Member Oaks questioned alternative funding for the playground if not using fund balances.

Dean Storey noted that if the city were not to use fund balances for the $300,000 playground cost, it would increase the budget gap.

Mayor Tran suggested considering a tax increase to cover playground costs.

Council Member Hunt discussed the deferral of the LUCAS devices, which typically last five to six years, acknowledging that this deferral would need to be addressed soon. If not this year, it would be addressed next year.

Dean Storey noted the ongoing deferrals of any new personnel positions being approved over several years.

Mayor Tran highlighted the cumulative impact of deferred items, advocating for a comprehensive approach to budgeting. We cannot keep just pushing things off for future years.

Dean Storey outlined personnel-related budget adjustments, noting that the 4% citywide market adjustment was reduced to 3.5%, as directed by the council.

Mayor Tran inquired about merit increases, confirming they remained at 3%.

Council Member Oaks expressed dissatisfaction with a combined 6.5% increase, arguing it was more than most industries, including the federal government, typically offer.

Mayor Tran emphasized that city employees are asked to do more than their job descriptions entail, justifying the increases to maintain competitiveness and employee retention.

Dean Storey explained that the market adjustment ensures salaries remain competitive, while merit increases allow movement within pay ranges.

Council Member Oaks compared his private sector experience, highlighting that his annual increase might occasionally include a minor inflation adjustment.

Mayor Tran added that many other cities were offering similar increases to what is being proposed in order to stay competitive.

Council Member Hunt suggested considering one-time merit payments instead of permanent increases.

Levi Ball clarified that while there was a small budget for discretionary bonuses, most departments did not fully utilize it. Discussion ensued about the effectiveness and fairness of merit increases, with Mr. Ball noting that merit increases are not automatic but vary based on performance evaluations.

Council members debated whether the current system, which includes both market adjustments and merit increases, was sustainable or if adjustments should be made.

Council Member Oaks commented on deferred personnel requests, noting the strain on departments like the police, public works, and parks.

Council Member Jackson expressed concerns about insufficient staffing and the impact on services such as snow plowing and sidewalk maintenance.

Dean Storey and Jaysen Christensen discussed creative staffing solutions, such as part-time hires and inter-agency collaborations, while acknowledging the ongoing challenge of retaining talented staff amidst competitive market conditions.

Jaysen Christensen mentioned the recent departure of a highly effective police department employee as an example of the need for competitive salaries.

Mayor Tran advocated for transparent and consistent employee policies, suggesting annual reviews and adjustments to better manage expectations and fiscal needs.

Council members acknowledged the complexity of balancing salary competitiveness with budget constraints and discussed the importance of adequately funding essential services without overburdening taxpayers.

Dean Storey presented a proposal to cover the remaining $300,000 budget gap with a potential tax increase. He reiterated the need for close monitoring of staffing needs and potential adjustments based on future revenue projections.

Council Member Blackham raised concerns about the substantial increases in the police and power department budgets as outlined in the FY 2025 budget, which were attributed to market adjustments and merit increases.

Dean Storey and Levi Ball explained that these departments had more employees, resulting in higher overall budget increases.

Council Member Hunt expressed that she could not support a budget that included raises for the council, citing the ongoing struggle to balance the budget.

Council Member Adams disagreed, while Council Member Oaks agreed with Council Member Hunt's stance.

Jaysen Christensen noted that it had been several years since the last council raise and pointed out the discrepancy between council and staff compensation.

Council Member Oaks mentioned that some cities tie council raises to cost-of-living adjustments (COLA), which might be more palatable.

Council Member Jackson argued that the lack of adjustments since 2018 was problematic, potentially limiting the future pool of qualified candidates willing to run for office. He suggested that council compensation should reflect the time and effort put in, ensuring that qualified individuals would consider running for office in the future.

Council Member Blackham and Council Member Adams supported a raise, with Council Member Adams proposing $16,000 annually for council members and $28,000 for the mayor.

Council Member Jackson also proposed redistributing some of the market adjustment funds to the council.

Dean Storey indicated that the suggested numbers were based on market comparisons and considered appropriate but on the low end.

The discussion revealed varying opinions on appropriate compensation, with some members advocating for modest increases to ensure future councils are adequately compensated for their efforts and time.

The conversation then shifted to a property tax comparison presented by Dean Storey, which outlined current tax rates across various cities. Mr. Storey explained that the rates included all services to provide a comparable view.

Council members discussed the potential impact of a proposed $300,000 tax increase, with some expressing concern about its high percentage relative to the amount raised. They noted that other cities were also likely to adjust their rates, which could affect Kaysville's comparative position.

Council Member Hunt asked if hiring one additional employee could be considered, and which of the proposed positions would be considered the most urgent.

Dean Storey suggested obtaining input from Mr. Christensen, who interacts with the department heads.

Council Member Jackson requested detailed justifications for proposed budget cuts and their impacts from department directors to better understand the trade-offs involved.

Council Member Oaks highlighted that the Parks Department appeared to be taking the biggest hit, prompting a need for careful consideration of the proposed cuts.

The council aimed to gather more information and context to make informed decisions as they moved forward in the budget approval process.

Mayor Tran commented that the city has been working hard to generate new business activity, which would help bring in more sales tax revenue. Mayor Tran stated that we are doing what we can to help ourselves without having to raise taxes.

Council Member Jackson suggested that the city highlight different businesses to draw attention to them and potentially increase business traffic.

Mayor Tran suggested making videos to highlight businesses.

Council Member Hunt added that something could be included in the city e-newsletter to spotlight local businesses.

Council Member Blackham summarized his thoughts, noting that financial auditors reported the city was doing very well, with reserves up to 35% of the budget, which is allowed by state law. However, he questioned why the current discussion seemed dire.

Dean Storey responded that using the fund balance repeatedly at the current level would quickly deplete it, reducing opportunities for future projects and interest earnings.

Levi Ball added that the fund balance was built over many years and cautioned against dipping into it extensively.

Council Member Blackham mentioned that the policy for the power company required 180 days of operating funds in reserve, while UAMPS recommended 60-90 days. He questioned the discrepancy between the city’s healthy financial state and the perceived urgency within the council’s budget discussions.

Dean Storey emphasized the importance of maintaining a strong financial position and not depleting reserves.

Council Member Oaks agreed, noting that while the proposed $300,000 tax increase was significant, it was much less than last year's increase of $700,000 to $800,000.

Council Member Jackson highlighted the numerous budget cuts, including essential items like salt, fertilizer, and sidewalk maintenance, expressing concern about whether too much had been cut from the budget.

Council Member Blackham asked if the city would still maintain reserves between 25% and 35% after dipping into the fund balance.

Dean Storey confirmed that using $800,000 from the fund balance would reduce it from 35% to 25%.

Council Member Hunt expressed confidence that residents would support maintaining a healthy reserve fund.

Council Member Jackson raised concerns about the need to fund critical items either now or in the near future, suggesting that a tax increase or truth in taxation might be necessary.

Council Member Blackham noted that every house was already facing a $120 increase annually due to the sewer rate increase from Central Davis Sewer District.

Dean Storey mentioned that truth in taxation would take place in August, by which time they would have a clearer picture of the fund balance.

Council Member Adams acknowledged the adjustments made but suggested that the main questions for the council were about how to handle the cost-of-living adjustment (COLA) and how to address the $300,000 gap in the budget. He proposed a COLA of 3% and a merit increase of 2%, acknowledging that merit increases were part of the pay plan and determined annually by the council.

Mayor Tran asked about the total number of parks and the next park needing remodeling, wondering if they could use the fund balance to save for future projects without creating a bad financial precedent.

Council Member Blackham expressed hope to maintain the same balanced budget for a couple more years, including until the gymnasium project at the junior high, to avoid frequent tax increases that could jeopardize the success of a future bond.

Dean Storey mentioned the sales tax revenue bond for Pioneer Park would be covered through impact fees and would be paid off within the next year, and the police station debt would be paid off by 2031.

Mayor Tran commented that it is believed the gymnasium project is scheduled for 2027, and there seems to be no other major debts dropping off soon except for the police station and city hall building renovation.

Council Member Oaks inquired if impact fees could be used for other purposes like playground equipment.

Dean Storey confirmed they could, but noted a decrease in impact fee revenue coming into the city due to fewer construction permits being applied for. Mr. Storey mentioned that the tentative budget would be presented to the council for approval at their meeting on May 16, 2024.

Council Member Blackham suggested that the tentative budget be presented at the May 2, 2024 meeting instead, to allow for a longer public comment period.

Dean Storey noted the packet for the May 2, 2024 meeting would go out on Friday, leaving insufficient time for preparation.

Mayor Tran adjourned the meeting with a unanimous vote by the council at 5:44 p.m.