

KAYSVILLE CITY COUNCIL
WORK SESSION
May 5, 2026

Minutes of a special Kaysville City Council work session held on Tuesday, May 5, 2026, at 6:15 p.m. at Kaysville City Hall, 23 East Center Street, Kaysville, Utah.

Council Members present: Mayor Tamara Tran, Council Member John Adams, Council Member Mike Blackham, Council Member Abbigayle Hunt, Council Member Nate Jackson, and Council Member Joshua McBride

Staff Present: City Manager Jaysen Christensen, Finance Director Maryn Nelson, Deputy Finance Director Paker Godwin, City Recorder Annemarie Plaizier, Val Starkey

REVIEW AND DISCUSSION OF THE TENTATIVE FY 2027 BUDGET

City Manager Jaysen Christensen opened the budget work session by reviewing the state-required notice regarding the proposed property tax increase and its estimated impact on residents. He explained that the proposed property tax revenue increase of 31.24% would result in an additional cost of approximately \$14.80 per month for the average homeowner. Mr. Christensen also reviewed the factors contributing to the proposed increase and stated that the city's mission statement should serve as a guiding principle as the council evaluated budget decisions, service levels, and the long-term needs of residents.

Mr. Christensen reviewed the upcoming budget schedule and explained that the City Council would be required to adopt a tentative budget at its next regular meeting in accordance with recently enacted state requirements. Council Member Blackham questioned the requirement and noted that prior budget schedules provided by the state did not require adoption of a tentative budget at that stage. Mr. Christensen and Finance Director Maryn Nelson explained that changes in state law now require adoption of a tentative budget at the first regular council meeting in May. They clarified that the tentative budget could still be modified later in the process. Mayor Tran emphasized that adoption of the tentative budget was only one step in the overall budget process and that the council would have additional opportunities to discuss and amend the budget before final adoption.

Mr. Christensen reviewed the city's historical property tax rates dating back to 1997. He explained that significant Truth in Taxation increases had occurred only a few times over the past several decades, including increases associated with construction of the police station, the addition of paramedic staffing, and public safety needs. He noted that most prior increases were tied to specific projects or personnel additions rather than inflationary operating costs. He further observed that the city's tax rate remained lower than it was nearly thirty years ago.

The discussion then shifted to inflation and its impact on city operations. Using historical inflation data, Mr. Christensen explained that costs for goods, services, equipment, fuel, construction materials, and infrastructure projects had increased substantially, particularly following the COVID-19 pandemic. He stated that while operating costs continued to rise, city revenues had not

kept pace because property tax revenues do not automatically increase with inflation. He explained that without going through the Truth in Taxation process, the city loses purchasing power each year even if the tax rate remains the same. Mr. Christensen stated that future budgets should more consistently account for inflationary growth in order to maintain service levels and financial stability.

Mr. Christensen then reviewed long-term budget projections and future property tax impacts. He explained that staff had prepared scenarios to show how the city's finances could be affected in future years, particularly given the proposed use of fund balance in the FY 2027 budget. Council Member Jackson commented that the historical information presented earlier in the meeting provided important context and suggested that similar background information be included in future budget discussions to help residents better understand the city's financial challenges.

Mayor Tran clarified that the projections included scenarios both with and without construction of a new west-side fire station. Mr. Christensen explained that the proposed FY 2027 property tax increase was intended to recapture revenue that would have been received through the prior year's unsuccessful Truth in Taxation process. Under the approval of the fire station scenario, he projected an additional increase in FY 2028 to fund debt service on bonds for construction of the station, followed by another increase in FY 2029 associated primarily with staffing and operating the new facility. He noted that after those major costs were absorbed, future increases would largely be limited to inflationary growth and ongoing operating expenses.

Council Member Blackham requested clarification regarding the projected use of fund balance and the relationship between future tax increases and the city's structural budget deficit. Ms. Nelson explained that while FY 2027 would continue to rely on fund balance and other available funding sources, the projections assumed no use of General Fund fund balance beginning in FY 2028. She stated that the projected tax increases were intended to create a sustainable operating budget without continued reliance on reserves. Council members discussed the assumptions underlying the projections, including the use of fire impact fee funds, capital funds, and bond proceeds.

The council also discussed the financial implications of constructing a new fire station compared to investing in improvements to the existing station. Mr. Christensen explained that if a new station were not constructed, the city would still face costs to expand and improve the current facility. Council members discussed the timing of future tax increases, whether staffing and construction costs should be combined for transparency purposes, and how impact fee funds should be applied. Several council members expressed differing views regarding how future costs should be presented to residents if a fire station bond question were placed on the ballot. Staff noted that the projections were intended to illustrate long-term financial impacts and could be adjusted as policy decisions were made.

Council Member Blackham expressed concern about the city's ongoing structural deficit and stated that he wanted to focus on reducing expenditures and limiting future spending growth in order to stabilize the city's finances. In response, Ms. Nelson reviewed the revenue and expenditure assumptions that formed the basis of the FY 2027 budget proposal.

Ms. Nelson first reviewed the proposed FY 2026 Truth in Taxation increase that had not been implemented. She explained that the additional revenue would have funded employee wages and benefits, a new assistant city attorney position, a police sergeant position, inflationary increases in

operating costs, election expenses, updates to the General Plan and Water Conservation Plan, the city's contribution toward the Kaysville Fieldhouse, a replacement ambulance, and equipment replacement needs. She noted that some costs represented new expenditures, while others replaced obligations that had recently been paid off.

Ms. Nelson then reviewed the FY 2027 proposal and identified ongoing costs that staff believed needed to be funded because they had already been incurred or committed to during the previous fiscal year. These included employee compensation adjustments, the assistant city attorney position, inflationary operating costs, the Fieldhouse contribution, ambulance costs, and equipment expenses. She explained that these items had been funded through reserves after the city did not receive the anticipated FY 2026 property tax revenue and that a recurring revenue source was needed to support them moving forward.

The council reviewed several new FY 2027 budget items, including a part-time police records clerk, council insurance expenses, a deputy fire chief position, police drone equipment, public relations services, and a vehicle for the deputy fire chief. Ms. Nelson also explained staff's efforts to reduce the impact on taxpayers through the use of available fund balances, police impact fee funds, and the transfer of eligible Public Works expenses to the Road Utility Fund, thereby reducing the amount that would need to be supported by property tax revenue.

Ms. Nelson explained that the budget worksheet had been designed to allow the council to evaluate proposed expenditures in real time and see how individual additions, reductions, or deferrals would affect both the FY 2027 budget and future year projections. She cautioned that moving expenditures to a future year did not eliminate the cost and could create similar budget challenges later. Mayor Tran stated that the council should carefully review proposed additions and distinguish between items that were essential and those that could be postponed or eliminated. She expressed concern about adding positions during a period of financial strain and encouraged staff to identify ways to reduce spending wherever possible. Council Member Blackham agreed and suggested removing items that had not already been funded and approved in the prior year's budget in order to better understand the city's baseline needs.

The council discussed the proposed part-time police records clerk position. Council Member Blackham stated that the police department's administrative office appeared to have limited backup support and acknowledged that the position appeared to address a valid need. He questioned whether the expense could be absorbed within the existing police department budget. Ms. Nelson explained that while prior years had included budget flexibility due to staffing vacancies, those savings had already been removed from the FY 2027 proposal. Council Member Jackson stated that the records clerk position appeared to be an essential need and suggested returning to the item after reviewing other potential reductions.

The council then discussed proposed council health insurance funding. Council Members Jackson and Hunt stated that they were not interested in pursuing the benefit and supported removing it entirely from the budget. Mayor Tran stated that current economic conditions, inflation, and financial uncertainty justified a cautious approach to new expenditures. Several council members expressed concern about the city's reliance on fund balance in recent years and agreed that continued use of reserves was not sustainable. Ms. Nelson explained that future projections were designed to eliminate ongoing use of General Fund fund balance and restore long-term financial stability.

Ms. Nelson demonstrated how budget adjustments affected both the proposed tax increase and the estimated impact on residents. She also reviewed a worksheet showing the estimated annual tax impact for homes at various assessed values. Council Member McBride commented that the tool was helpful in illustrating the effects of potential budget decisions.

The council continued reviewing personnel-related expenses. Ms. Nelson explained that the employee compensation line included both cost-of-living adjustments and step increases within the city's pay structure. Mr. Christensen stated that step increases do not automatically increase overall personnel costs because many employees are already at the top of their pay ranges while others enter positions at lower steps, resulting in offsetting effects. He further explained that the budget included a 2.5% cost-of-living adjustment and reflected efforts to maintain employee compensation levels relative to comparable Davis County municipalities.

The council then discussed the proposed deputy fire chief position. Mayor Tran acknowledged that Fire Chief Erickson had requested the position for several years but stated that she believed the city should postpone the addition given current financial conditions. Council Member Adams suggested that the position could be reconsidered in conjunction with future fire station decisions, either if a new station were approved or if significant improvements were made to the existing station. Mr. Christensen stated that the position remained an identified operational need but indicated that staff understood the council's desire to defer it.

Discussion also centered on the proposed operations inflation increase. Mr. Christensen explained that the amount represented increased costs for existing services, supplies, equipment, software, fuel, vehicles, and public safety equipment rather than new programs or initiatives. Council Member Blackham questioned the magnitude of the increase and requested additional information regarding the specific cost drivers. Ms. Nelson explained that many municipal expenses had risen at rates significantly higher than general inflation and cited examples such as emergency medical supplies, public safety equipment, fuel, software, and construction-related materials. Council Member Jackson requested additional detail on major cost increases so council members could better explain the budget to residents.

Mr. Christensen emphasized that staff had already taken steps to control costs by evaluating staffing levels and reorganizing positions when possible. He noted that two administrative positions had been eliminated as part of the FY 2027 budget and that savings from those reductions had already been incorporated into the proposal. He further explained that while departments regularly submit requests for additional personnel, staff had been selective in bringing only the most critical requests forward for council consideration. The council continued reviewing staffing requests and budget assumptions while discussing potential reductions and deferrals to lessen the proposed property tax increase.

The council next reviewed several proposed operational items, including the purchase of a police drone. Mr. Christensen explained that the drone would serve as a force multiplier for the police department and could assist with search and rescue operations, missing persons cases, emergency incidents, and perimeter surveillance. He noted that Kaysville was currently the only police department in Davis County without a drone program. Council members discussed whether the police department could utilize the fire department's existing drone and whether additional training could allow police personnel to operate shared equipment. Concerns were raised regarding

response times, equipment availability during emergencies, and the need for dedicated resources. Several council members expressed support for the concept but suggested removing the drone from the current budget proposal while exploring grants, donations, or other funding sources. The council generally supported deferring the item while continuing to pursue alternative funding opportunities.

The discussion then shifted to public relations services. Mayor Tran recalled prior discussions regarding reducing the city's reliance on outside consultants and questioned whether contracted public relations services could be replaced with a part-time employee. Ms. Nelson explained that the budget currently included funding for both fire station public education efforts and broader city communication projects. Mr. Christensen noted that the city was paying significantly higher hourly rates for contracted services than it likely would for a part-time employee and stated that staff had been exploring whether a qualified individual could be brought in-house. Council members expressed support for removing the proposed additional public relations position from the current budget while continuing to evaluate alternatives. The council also discussed the separate public education efforts related to the proposed fire station and noted that those expenses would be funded through fire impact fees and were not part of the General Fund budget discussion.

Ms. Nelson then reviewed additional budget adjustments that had further reduced the projected monthly impact of the proposed property tax increase. She explained that staff had identified additional opportunities to use restricted funds and impact fee balances in place of General Fund revenues for certain expenditures. The council discussed the use of police impact fee funds for police station debt payments and reviewed restrictions governing the use of impact fee revenues. Ms. Nelson explained that some impact fee funds were approaching statutory deadlines for expenditure and could appropriately be applied toward eligible police facility costs.

The council also revisited funding associated with the Kaysville Fieldhouse project with Davis School District. Mayor Tran and Council Member Blackham questioned whether delaying future bond payments or adjusting the timing of contributions would affect the proposed FY 2027 tax increase. Assistant Finance Director Parker Godwin explained that the current proposal already relied on fund balance to cover the city's General Fund share of the project and that postponing payments would not materially change the proposed FY 2027 property tax increase, though it could affect future fund balance levels. Council members discussed the use of RAMP tax revenues, General Fund contributions, and available fund balances to support the project and acknowledged that additional decisions regarding long-term funding strategies would likely need to occur in future budget discussions.

Mayor Tran asked whether the proposed Truth in Taxation increase could be reduced below 20%. Council Member Adams suggested that the only practical way to do so would be to use additional fund balance. Mr. Christensen explained that staff had already identified some fund balances that could be used, including Municipal Building Authority and debt service fund balances, but stated that completely draining those funds was not his preference. He stated that he would rather use available resources to strengthen the General Fund fund balance, which he viewed as a larger concern.

Council Member Blackham raised questions regarding the city's enterprise and proprietary funds. He noted that the water, electric, storm water, sewer, and other enterprise funds had significant unrestricted balances and questioned whether a portion of those funds could be transferred to help

reduce the proposed property tax increase. He also questioned the proposed utility rate increases and asked why additional increases were being considered before the city had fully evaluated the effects of the previous year's increases. Mr. Christensen responded that the city's utility rate modeling through Waterworth accounted for future infrastructure needs and emphasized that depreciation is an important factor in planning for replacement of aging assets. He explained that enterprise fund balances are intended to support future capital needs, including water, power, and other utility infrastructure, and cautioned against using those reserves to solve General Fund budget issues.

The council discussed whether enterprise fund balances could appropriately support certain one-time capital expenses, particularly those associated with the operations center and fuel station. Mr. Christensen explained that enterprise funds were already expected to pay their proportionate share of facilities and improvements used by the utility departments. Council Member Adams stated that he was more comfortable considering enterprise fund use for one-time capital expenses than for ongoing operating costs. Ms. Nelson explained that the fuel station expenses were already budgeted from available fund balance rather than the proposed property tax increase, so shifting the funding source would not directly reduce the FY 2027 Truth in Taxation amount. She also noted that any transfer from enterprise funds would need to comply with applicable requirements and could require a public hearing and additional review.

Mayor Tran asked whether a portion of the assistant city attorney's work could be charged to enterprise funds if the position supports land use, utility, or other department-related legal matters. Ms. Nelson explained that this could be done if time were tracked and allocated appropriately, similar to how some Public Works and building-related positions are already divided among funds.

Mayor Tran then asked whether the operations inflation amount could be reduced. Ms. Nelson explained that the amount was based on meetings with department heads and reflected increased costs for existing operations, including fuel, EMS supplies, software, internet services, and recreation program costs. She stated that staff could continue reviewing line items, but many of the increases represented costs the city could not control. Mayor Tran also asked about the status of a requested fleet list and whether any city vehicles could be decommissioned to reduce fuel costs. Ms. Nelson stated that she had recently begun working on the list and would continue gathering that information.

Council Member Hunt asked for clarification regarding possible transfers from enterprise funds and expressed concern about using power fund revenues without complying with Proposition 5 requirements. Council Member Blackham stated that state law allows certain enterprise fund transfers but agreed that the city should be transparent and hold any required public hearings. Council Member Hunt stated that she was uncomfortable trying to access restricted power funds, particularly when the city's utility models showed continued financial pressure in those funds. Ms. Nelson explained that previous utility rate increases had been incorporated into the projections, but that projected operating, UAMPS, staffing, and capital costs continued to increase.

The council continued discussing whether enterprise funds could be used for the new fuel island and operations center improvements. Council Member Hunt stated that she was more comfortable with a one-time contribution toward the fuel island than with shifting ongoing operations center debt payments to enterprise funds. Council Member Blackham stated that each enterprise fund should pay its proportionate share of the fuel island based on departmental use. Ms. Nelson

clarified that the General Fund share of the fuel island was approximately \$75,000, not the full project cost, because the total cost would be allocated among multiple funds.

Mayor Tran then asked whether the operations center bond should be delayed, particularly if the city was also preparing to ask voters to approve a fire station bond. Mr. Christensen explained that the fuel island needed to be addressed by December, but the larger operations center remodel could be separated from that immediate need. Mayor Tran stated that she was concerned about carrying two significant bond obligations at the same time and suggested postponing the operations center bond until after the city knew whether the fire station bond would pass. Council Members Blackham and Jackson expressed agreement with delaying the operations center bond discussion. Ms. Nelson clarified that the FY 2027 proposed bond payment for the operations center was budgeted from capital projects fund balance and did not affect the current Truth in Taxation increase, although future payments would eventually need to be funded through ongoing revenues.

The council and staff further clarified the relationship between the General Fund, capital projects fund balance, and future bond payments. Ms. Nelson explained that capital projects fund balance is separate from General Fund balance, although it may have originated from General Fund transfers. Council Member Blackham noted that future bond payments would ultimately require transfers from General Fund revenues into the capital projects fund. Mayor Tran reiterated that her concern was not the FY 2027 impact, but the potential future effect of carrying both a fire station bond and an operations center bond at the same time.

The council continued discussing the potential financial impacts of carrying both an operations center bond and a future fire station bond. Mayor Tran expressed concern about committing the city to two significant debt obligations at the same time and questioned whether the operations center project should be delayed if voters approved a fire station bond. Council Members McBride and Jackson agreed that the city should be cautious about undertaking multiple large projects simultaneously. Mayor Tran suggested that, if the fire station bond moved forward, the operations center bond could be delayed until the police station bond is retired in order to reduce the potential burden on residents.

Mr. Christensen expressed concern about postponing the operations center project for several years. He noted that delaying the project would likely result in substantially higher construction costs in the future and observed that the city was already experiencing significant cost escalation on capital projects. Ms. Nelson added that continued delays would prolong existing operational challenges, including equipment storage and exposure to the elements. She also noted that the city's overall debt load remained relatively modest and that debt can be an appropriate tool for financing long-term capital improvements.

The discussion then focused on the allocation of operations center costs among city funds. Mayor Tran reiterated her preference that the General Fund portion of the operations center debt payment be shifted to enterprise funds to reduce future pressure on the General Fund and property taxes. Mr. Godwin explained that the original allocation had been developed by evaluating how much each department and fund would use the facility. He noted that the proposed General Fund share reflected usage by departments such as Parks and Fleet Maintenance, while the majority of the project costs were already assigned to enterprise funds. Council members discussed the possibility of reallocating the remaining General Fund portion among the enterprise funds, acknowledging that doing so could require future utility rate adjustments to ensure those funds remain financially

sustainable.

Council Member Hunt cautioned that transferring costs to enterprise funds would not eliminate the underlying expense and emphasized that the city would still need to maintain adequate revenues in those funds. She stated that shifting costs without corresponding revenue adjustments could create similar financial challenges in the utility funds. Staff agreed that any changes would require careful consideration of future rate structures and long-term financial planning.

Mr. Christensen and Mr. Godwin stated that staff had attempted to structure the budget in a way that balanced immediate capital needs with long-term financial sustainability. They noted that the city was already exploring ways to phase certain enterprise fund obligations, including portions of the operations center project, in order to minimize impacts on utility rates and taxpayers. Council Member Blackham again noted that the council would be expected to adopt a tentative budget later in the week and expressed concern that the council had not yet reviewed the updated tentative budget reflecting the changes under discussion. Ms. Nelson responded that the revised tentative budget would be presented to the council at the upcoming meeting.

The council continued its budget discussion by examining long-term fiscal sustainability, the use of fund balance, and possible alternatives for balancing future budgets. Council Member Blackham expressed concern that the city's General Fund expenditures had grown from approximately \$21.3 million in 2023 to a proposed \$26.8 million in FY 2027 and questioned how the city could continue increasing expenditures while recurring revenues remained significantly lower. He stated that his primary concern was identifying a multi-year plan to align revenues and expenditures and reduce the city's reliance on fund balance.

Mr. Godwin explained that recent expenditure growth reflected inflationary pressures, employee compensation adjustments, operational cost increases, and previously approved initiatives. He noted that some budgeted expenditure figures from prior years had ultimately come in lower than anticipated and cautioned against comparing budgeted amounts directly to actual expenditures without accounting for those differences. Ms. Nelson added that some current budget estimates remained conservative and that actual results for FY 2026 would not be known until after the annual audit later in the year.

Council members discussed whether continued use of fund balance could help ease future tax increases while the city worked toward long-term financial stability. Council Member Adams observed that prior years had ended with expenditures lower than budgeted and suggested that some of the projected fund balance usage might ultimately be offset by actual savings. Council Member Hunt noted that the city was still attempting to recover from several years of unusually high inflation and stated that the city had not fully captured those inflationary costs through property tax revenues when they occurred. She stated that some of the current budget pressures represented the city catching up to costs that had accumulated over multiple years.

Mayor Tran raised concerns about the future deputy fire chief position, noting that the need had been discussed for several years. She stated that if the fire station project were delayed again, the council should consider how and when the department's leadership needs would be addressed. Mr.

Christensen acknowledged the importance of the position and stated that public safety remained a high priority. He suggested that if staffing additions were limited in future years, the deputy fire chief position would likely remain among the highest priorities.

Council Member Hunt cautioned against making decisions solely to reduce the immediate Truth in Taxation increase if doing so merely postponed financial challenges to future years. She stated that continually deferring expenses could leave the city facing the same problems repeatedly and emphasized that the council needed to be comfortable with the long-term consequences of its decisions. Mayor Tran agreed that consistent annual review of revenues and expenditures through the Truth in Taxation process was important and stated that the city had not always made incremental adjustments when needed, contributing to current challenges.

The council then explored possible alternatives for improving the city's financial position. Council Member Blackham asked staff to model a scenario in which the city implemented a 20% Truth in Taxation increase annually for several years while postponing major capital projects such as the fire station expansion and operations center project. He stated that he wanted to understand whether a series of smaller annual increases could eventually bring revenues and expenditures into alignment. Ms. Nelson responded that even under such a scenario, the city would still face significant shortfalls in the near term because current expenses already exceeded available recurring revenues. She explained that the city's projections showed continuing reliance on fund balance unless substantially larger revenue increases were implemented.

Council members discussed the limited options available for generating new revenue. Mayor Tran noted that the city had pursued economic development opportunities, redevelopment initiatives, and efforts to attract businesses, but those efforts were constrained by community preferences and available development opportunities. She stated that Kaysville had intentionally maintained its residential character and that such decisions limited potential commercial tax revenue. She observed that residents generally preferred preserving the community's existing character, but that choice came with financial consequences. Council Member Adams agreed and noted that communities with less commercial development often rely more heavily on property taxes to fund municipal services.

The discussion also included possible increases to impact fees, redevelopment efforts, and the sale of surplus city property. Mayor Tran noted that the city had already budgeted for an impact fee study and stated that updated impact fees could help ensure that growth pays a fair share of infrastructure costs. Council Member McBride emphasized the importance of attracting additional commercial development, particularly along northern Main Street, to broaden the city's tax base. Council members briefly discussed whether unused city-owned property could be sold or repurposed, although several participants cautioned that such actions would provide only one-time revenue and would not solve the city's ongoing structural budget challenges. Mr. Christensen noted that some city-owned properties may have future operational value and that any sale would require careful evaluation.

Throughout the discussion, council members acknowledged the difficulty of balancing taxpayer impacts, service levels, infrastructure needs, and long-term financial sustainability. Mayor Tran stated that no one wanted to raise taxes but emphasized that the council had a responsibility to make difficult financial decisions when necessary. Several council members agreed that additional analysis and discussion would be needed before final budget decisions were made, and the council continued reviewing potential options and projections.

The council reviewed the list of one-time projects proposed to be funded with fund balance in FY 2027 and discussed whether additional review of departmental budgets would be beneficial. Council Member Jackson suggested holding more detailed budget reviews with department heads to better understand individual line items and expenditures. Ms. Nelson acknowledged that such a review would require a significant time commitment. Mr. Christensen discussed the possibility of either dedicating additional work sessions to budget analysis or creating a smaller council committee to conduct detailed line-item reviews and report findings back to the full council.

The discussion then shifted to individual one-time projects proposed for funding through fund balance. Council Member Blackham questioned several capital items, including the Barnes Park concrete and bleacher improvements, and expressed concern about continuing to add projects while the city was facing ongoing budget challenges. Mr. Christensen explained that portions of the park's concrete infrastructure had become tripping hazards and that improvements would address safety concerns and ADA accessibility requirements.

Similar discussion occurred regarding replacement of the council chambers audiovisual system. Council Member Blackham questioned whether replacement was necessary. Mr. Christensen explained that the current system had experienced recurring failures for several years and required frequent intervention from IT staff to remain operational. City Recorder Annemarie Plaizier noted that problems occur regularly at public meetings, including Planning Commission meetings, even when council members are not directly aware of the issues. Mr. Christensen cited a recent Planning Commission meeting where the livestream and recording system failed during a heavily attended public hearing. Council members discussed whether the project could be delayed, but staff emphasized that the existing system had become increasingly unreliable and that prior attempts to repair it had not resolved the issues.

Additional discussion focused on police vehicle replacements. Ms. Nelson explained that the proposed funding would restore vehicle replacements that had previously been deferred in favor of other equipment needs, resulting in some vehicles remaining in service beyond their planned replacement schedules. She noted that some police vehicles were already approximately eight years old and due for replacement. Ms. Nelson clarified that the proposed funding would restore previously deferred vehicle replacements rather than expand the fleet. Council members also discussed the distinction between ongoing expenses funded through Truth in Taxation revenues and one-time projects funded through fund balance. Staff emphasized that the fund balance list consisted primarily of one-time expenditures and was separate from the recurring operational costs driving the proposed tax increase.

Council Member Hunt recommended reviewing the fund balance projects one by one to determine which projects had council support. Discussion began with maintenance needs at the fire station, including stucco repairs and water damage concerns. Mr. Christensen cautioned that deferring certain maintenance items could lead to larger repair costs in the future. The council also reviewed HVAC replacements at the recreation building and operations center. Ms. Nelson explained that one unit was more than three decades old and another had experienced significant failure. Although some council members questioned replacing equipment in facilities that could eventually be remodeled, Ms. Nelson noted that the buildings would remain in service regardless of future expansion plans and that functioning HVAC systems were still needed.

Additional discussion focused on technology and operational efficiency projects. Ms. Nelson explained that replacement of the Fuel Master software system would modernize fuel tracking, improve reporting capabilities, enhance vehicle maintenance scheduling, and support the city's effort to retire outdated software platforms. Council members discussed whether the system would create efficiencies and improve accountability for vehicle maintenance. Ms. Nelson stated that the system would provide better tracking of vehicle usage, mileage, fuel consumption, and maintenance schedules, potentially reducing long-term maintenance costs. The council also reviewed a proposed battery backup system for the police station, with Mr. Christensen explaining that it was necessary to maintain police operations during power interruptions.

The council continued discussing improvements at Barnes Park, including Barnes Tower concrete and bleacher repairs, pavilion roof repairs, and restroom improvements. Ms. Nelson explained that the projects addressed deteriorating concrete, accessibility improvements, and aging infrastructure that had been deferred for years. Council members debated whether certain projects should remain in the budget or be postponed, with some expressing concern about continued reductions to fund balance and others noting that delaying projects often results in higher costs later.

The council also reviewed a proposed water conservation landscaping project at the fire station. Mayor Tran noted that Parks and Recreation Director Cole Stephens had indicated that staff were pursuing incentives from Weber Basin Water Conservancy District and possible material discounts to reduce the city's costs. Council members discussed whether the project should remain in the budget while grant applications were pending. Staff recommended leaving the project in the budget as a conservative measure and noted that any unspent funds would remain in fund balance if grant funding became available.

Throughout the discussion, council members continued evaluating whether one-time capital projects should proceed immediately or be deferred in an effort to preserve fund balance and reduce future financial pressures. Staff reiterated that while these projects were funded separately from the proposed Truth in Taxation increase, they still represented real costs that would eventually need to be addressed if deferred.

Council Member Blackham expressed a preference for reducing the proposed fund balance allocation from approximately \$991,000 to \$500,000 and suggested using a similar amount of fund balance in future years to help moderate tax increases. Mayor Tran suggested directing staff to

return with a revised list of priorities that would fit within a \$500,000 cap. Ms. Nelson questioned the rationale for selecting \$500,000 as the target, noting that it was an arbitrary figure and emphasizing that the listed projects represented legitimate operational and capital needs rather than discretionary spending. She stated that reducing the fund balance allocation would defer projects rather than eliminate the underlying needs.

Council members discussed the relationship between fund balance spending, deferred maintenance, and future tax increases. Council Member Jackson supported asking department heads to reevaluate priorities and identify which projects could be delayed. Mayor Tran characterized many of the listed projects as department requests and suggested allowing staff to determine which projects were most essential if a lower funding cap was imposed. Mr. Christensen responded that many of the projects involved aging facilities and infrastructure that had already been deferred for years and that further postponement would likely result in higher future costs. Council Member McBride noted that some needed repairs could not be funded without additional revenue.

Council Member Hunt proposed an alternative approach of including a modest amount within the Truth in Taxation increase to begin building resources for future capital projects. She suggested that a small additional amount could be transferred into capital accounts each year and used for future infrastructure needs. Mayor Tran expressed concern that such an approach could conflict with the intent of Truth in Taxation laws, which are designed to provide transparency regarding the purpose of tax increases. Council Member Blackham agreed and stated that state policy generally discourages using Truth in Taxation increases to accumulate revenue beyond identified needs. The council discussed whether long-term savings for future projects should instead occur through dedicated capital accounts rather than through larger-than-necessary tax increases.

The discussion also touched on possible future legislative proposals that could limit annual property tax increases. Mr. Christensen expressed concern that if future state legislation imposed caps on Truth in Taxation increases, cities that had deferred addressing structural funding issues could face significant challenges. Ms. Nelson stated that many of the current funding discussions stemmed from years of postponing expenses and relying on fund balance rather than fully funding ongoing costs. Mr. Christensen added that the long-term financial model showed the city eventually reaching a point where property tax revenues would cover ongoing operations and inflationary costs without reliance on fund balance, but that reaching that point required larger adjustments to realign revenues with expenditures.

Council Member Adams suggested that donations could potentially be used to fund certain one-time capital projects, particularly projects such as the Barnes Park improvements. He noted that donations are better suited for one-time expenditures than ongoing operational expenses. The council also discussed the possibility that future commercial development and additional business activity could help diversify revenue sources and reduce pressure on residential property taxes. Mayor Tran added that state assistance for infrastructure costs could also help alleviate some of the city's financial challenges.

As the discussion continued, council members debated whether one-time projects should remain funded through fund balance or be deferred. Mr. Christensen stated that the key question was whether the projects were legitimate needs that would eventually require funding regardless of timing. He noted that delaying projects often results in higher costs later while still leaving the underlying need unresolved. Council Member Hunt stated that her primary concern was preserving fund balance in case of unforeseen emergencies. Council Member Adams acknowledged that one-time projects are difficult to fund through recurring tax revenues, while also recognizing staff's argument that future capital projects would continue to arise. Council Member Blackham suggested that some departments might be able to identify savings within existing budgets to accomplish certain projects without additional fund balance appropriations.

Council members attempted to establish direction for preparation of the tentative budget. Mayor Tran asked whether the council supported using a \$500,000 cap for FY 2027 fund balance projects and having staff determine which projects should remain within that amount. Council Member Jackson supported that approach and requested that any projects exceeding the cap be justified individually. Council Member Adams questioned the basis for selecting \$500,000 but agreed that staff should further evaluate the list. Council Member Blackham expressed concern about how a revised proposal would be presented before the tentative budget hearing. Ms. Nelson responded that staff could revise the tentative budget to reflect a \$500,000 fund balance allocation, although there would not be sufficient time before the next meeting to conduct a comprehensive strategic review with all department heads. Mayor Tran noted that the budget being considered was tentative and could continue to be adjusted before final adoption. Council Member Blackham summarized what he believed should be reflected in the tentative budget: an approximately 21.9% Truth in Taxation increase and a proposed FY 2027 fund balance allocation of approximately \$500,000, with additional project prioritization to occur during subsequent budget discussions.

The council then reviewed the proposed enterprise fund rate increases and the relationship between utility rates, future capital projects, and the operations center project. Ms. Nelson stated that the tentative budget would continue to reflect the enterprise fund increases presented during the previous work session. Council Member Blackham questioned whether the proposed utility rate increases could be reduced to more closely match current inflation rates. Council Member Hunt cautioned that the utility funds were facing challenges similar to those experienced by the General Fund, noting that rates had not fully kept pace with prior inflationary increases. Mr. Godwin explained that much of the proposed adjustment involved correcting commercial utility rates and addressing pass-through costs from partner agencies. Mr. Christensen and Mr. Godwin noted that some residential utility customers would see little change, and in certain cases lower seasonal costs, because of adjustments to the utility rate structure. Mr. Christensen asked whether the council would be interested in conducting an additional work session focused specifically on enterprise funds and utility rate models before any changes were made. The council expressed support for reviewing the utility models in greater detail during a future meeting.

The council also revisited the proposed operations center bond and its relationship to future utility rates. Mayor Tran sought clarification regarding whether the proposed bond payment had already been incorporated into the enterprise fund projections. Ms. Nelson confirmed that the proposed

utility rate increases presented to the council already included the anticipated operations center bond payment. Council Member Blackham expressed concern about moving forward with the bond if it would require future rate increases, while Ms. Nelson explained that the projected rate adjustments and capital plans had already been developed with the project in mind. Mr. Christensen noted that delaying the project could result in higher costs later and that other significant utility infrastructure projects, including future water system improvements, were also anticipated. Council members discussed how the operations center project, future utility rates, and the proposed fire station project would affect residents, and Ms. Nelson clarified that the utility impacts shown to the council already accounted for the proposed operations center bond.

Council Member Blackham also questioned the continued inclusion of pass-through sewer rate increases and raised concerns regarding the city's role in billing for sewer services provided by another entity. Ms. Nelson explained that most of the proposed sewer increase reflected costs imposed by the sewer district and that existing agreements governed the city's billing responsibilities. Mr. Christensen noted that the city remained bound by those agreements and that the pass-through charges were largely outside the city's control.

Before adjournment, Mayor Tran confirmed that the estimated monthly impacts previously discussed reflected both the revised Truth in Taxation proposal and the proposed utility rate increases. Council members and Mr. Christensen reiterated the importance of clearly communicating those impacts to residents as budget discussions continued. Following the discussion, Mayor Tran closed the meeting at 9:37 p.m.