

KAYSVILLE CITY COUNCIL
BUDGET WORK SESSION
April 10, 2020

Minutes of a special electronic Kaysville City Council Budget Work Session held Friday, April 10, 2020 beginning at 10:00 a.m. Council Members and City Staff participated live from remote locations, and the meeting was streamed live online.

Council Members present: Mayor Katie Witt, Council Member John Swan Adams, Council Member Michelle Barber, Council Member Andre Lortz, Council Member Tamara Tran, and Council Member Mike Blackham

Others Present: City Manager Shayne Scott, Finance Director Dean Storey, City Recorder Annemarie Plaizier, Information Systems Manager Ryan Judd, Information Technology Assistant Jordan Hansen

FY 2021 BUDGET REVIEW AND DISCUSSION

Mayor Witt welcomed those present and explained that this meeting is being held to discuss our current financial situation, potential financial impacts of COVID-19, as well as to discuss the FY 2021 budget.

Finance Director Dean Storey explained that the recent coronavirus pandemic has already, and will likely continue, having an influence on the city's finances. Mr. Storey reviewed the current interim budget report, as well as the budget schedule for FY 2021. He explained that the tentative budgets will need to be adopted at the City Council's May 7, 2020 meeting. This is only a tentative approval in order to give the opportunity for the public to be able to view the budget. The initial Public Hearing for the FY 2021 budget will likely be held at the Council's first meeting in June, with the final budgets needing to be adopted at their first meeting in August. Right now the city is running at or under budget. The Council will likely need to address recycling costs because the cost of recycling services is continuing to rise. If we want to continue to provide this service to our residence, there will need to be a small increase to what we are charging residents. The largest impact to our finances will be through sales tax revenue; not only through city sales tax, but also through the state. However, we won't know exactly how much it will affect the city's revenue for several months.

Shayne Scott added that because of the uncertainty created by the pandemic, Staff feels that it would be best for the Council to hold off on making any long-term financial decisions until we have a better idea of where we are at later in the year. While things look positive for our current FY 2020, we can't say what the next fiscal year is going to look like at this point in time.

Council Member Lortz commented that he appreciates staff and their efforts to be financially smart.

Council Member Barber asked about the city's unassigned funds balance and how close we are at to the state's maximum requirement.

Dean Storey responded that in 2019 our unassigned fund balance was over the state's maximum requirement of 25%, which was about 4.6 million dollars. The Council decided to then transfer a million dollars of those unassigned funds to use for the City Hall renovation project, and the city is now just under the maximum requirement at this point.

Council Member Barber asked if the fund could be used towards employee compensation.

Dean Storey responded that the Council can decide at any point what they would like to do with the unassigned fund balance. Mr. Storey reviewed the compensation plan of the city. He explained that the city conducted a compensation study recently to review each job position to see where we are at in comparison to the market, and to determine if compensation needed to be adjusted. From that study, each position was given a market value. The city has used a grade and step compensation plan for several years. While it's easy to administer, it doesn't give a lot of flexibility. Staff has discussed going to a grade step and salary range plan, as well as establish parameters on how employees would progress on the plan. Based on the job description, positions would be assigned to a grade. They would also be able to be compensated based on merit. Mr. Storey reviewed the pay-progression plan. Depending on where an employee is at on a merit range, the employee will be compensated at a specific adjustment percentage. It is suggested that the city try to keep that consistent so that employees know what's ahead for them. Each department would have discretion to reward an employee based on their performance. However, Staff is recommending that the Council hold off on making any changes to the employee compensation plan until we have a better understanding on what our next fiscal year will look like.

Council Member Barber asked if the employee incentive funds have been utilized.

Dean Storey responded that different departments have been able to take advantage of the funds for their employees.

Shayne Scott added that this new employee compensation plan was presented to the department heads earlier in this year and was well received. It gives department heads more flexibility in rewarding employees who exceed expectations, as well as encourage employees to perform better. We hope to be able to look at implementing this later on in the year.

Dean Storey said that in a normal year we would be proposing the compensation amounts found from the market study. We have included positions that we have not filled yet, but wanted to include them for when they might be filled in the future. Citywide, job position values were off the market value by about 6% on average. No action will be taken on this plan at this time, but it is where we would like to move ahead in the future. Mr. Storey explained that the city is planning to continue to use the U of U Health Plan for our employees. Staff has met with them and they are proposing a rate increase of 3%, which Staff feels is appropriate as the current trend is at about 8-9%. Mr. Storey added that the approach Staff is taking for this upcoming proposed fiscal year budget is to carry over most of the FY 2020 numbers to be adopted for FY 2021. We will then pause until we have a better idea of how the pandemic will impact our numbers before moving

forward and revisit the budget later on in the year. The city will be guaranteed some funds from property taxes from new growth. However there isn't any additional revenue being budgeted in the FY 2021 budget. The city will not know if property taxes will be going up this year until we receive a statement from the Davis County Assessor's office.

Shayne Scott said that he would like to sit down with each of the department heads and see where they are at and what their needs are financially. Each department will be asked to cut back on spending until we know better about where we sit financially.

Council Member Blackham commented that he would like to see that employees receive a cost of living increase and that it be included in the budget. There are many things that the city can do without, but we can't do without our employees and these types of budget cuts affect our employees in the long run. When he worked for the city they had three years where the city didn't receive any increase in salary, with the promise that they would be compensated for it in the future but it was never done. We need to do what we can to encourage employees to stay with the city. They are our most important asset and we need to let them know we are supporting a cost of living increase, as well as merit increases later on.

Mayor Witt responded that there are so many within our community who have lost or are losing their jobs right now because of our economy. Now is not the appropriate time to be considering salary increases when there are so many struggling. We need to wait and see how things play out from this pandemic.

Council Member Blackham said that he realizes there are people struggling everywhere right now, but there are many other jobs that pay a lot more to their employees than the city does and we need to show our employees that we appreciate them.

Mayor Witt responded that the city isn't considering cutting jobs at this time, which is something other industries can't say right now. It's admirable to protect our employees, but it seems too soon to be promising more compensation when we are uncertain of where we will stand financially after this pandemic.

Shayne Scott said that we don't know how long this will go on or if it will create a recession which will go on for several years. Mr. Scott asked about Truth in Taxation.

Mayor Witt responded that she had hoped for the Council to hold a Truth in Taxation yearly, but is uncertain if it will occur this year. She doesn't want to see that the residents be taxed for anything more than what they are currently paying.

Council Member Tram asked if federal money would be available to help to make up losses.

Shayne Scott responded that with the size of our city it would be a challenge to receive any federal funds. Most of those funds are being allocated towards cities with a population over 150,000 for COVID-related expenses and not general operating expenses.

Council Member Lortz commented that he would be in favor of holding a Truth in Taxation hearing for the mere purpose of helping to educate the public on the county's assessment and our plans as a Council.

Shayne Scott commented that previously the Council had discussed the possibility of considering implementing a RAMP tax and asked if the Council wanted to continue to proceed forward with it.

Mayor Witt said that she feels that it should also be put on hold for the time being. It would be a great option for the city to be able to consider other recreational facilities, but now is not the time to consider it.

Mayor Witt said that it was recently suggested that with building rates being so low right now, that it might be a good time for the city to undertake one of its building projects, specifically a fire station on the west side.

Shayne Scott responded that it is likely too early to consider a second fire station this year. The fire chief has been in discussion with neighboring cities about providing paramedic services within the Kaysville, Fruit Heights and Farmington area, which in turn might create a fire district for the area. There has also been discussion of creating a fire station on the west side of Kaysville that would service Kaysville and Farmington. There is still a lot to discuss, as well as figuring out how much paramedic services would cost the city. Mr. Scott added that the city might also see a reduction of road construction costs or other construction costs within the city as well.

Council Member Lortz added that the fire chief had mentioned in his fire department report that they will also need to build up staffing at the fire station before considering expanding their operations.

Mayor Witt said that we are grateful to have our road fees right now because it is paying for our planned road projects for this upcoming year.

Council Member Lortz said that there is a significant need to expand the city's operations center in order to meet the needs of the city. It will not be a cheap project, and a lot of it will be funded through enterprise fees. There are already dedicated resources and reserves available and if the city wanted to look at accelerating a construction project, that would be one that would make the most sense to move forward with.

Council Member Adams stated that the Council needs to show that we are being sensitive to the residents and everyone who is struggling right now. We need to be careful in our spending and show that we are being financially responsible.

Council Member Lortz made a motion to adjourn the meeting at 11:42 a.m., second by Council Member Barber and passed unanimously.