Davis County Budget Committee

Meeting Minutes

October 2, 2023

The Budget Committee of Davis County met on October 2, 2023, at 9:00 a.m. in room 306 of the Davis County Administration Building, 61 South Main Street, Farmington, UT. Notice of this meeting was given under the requirements of Utah Code Annotated §52-4-202.

Disclaimer: The meeting was an open dialogue. Agenda items appear in bold and are only briefly summarized. The reader may refer to the audio recording and the attachments for further content clarification. Timestamps have been noted in the minutes to aid in locating discussion points in the audio record. The audio recording is available based on the County's current retention schedule.

Note: The Budget Committee is not a governing body but makes recommendations. These recommendations must then go through the Commission for formal action.

The meeting commenced at 9:05 a.m.

Opening Roll Call

Committee members present were: Curtis Koch, Auditor; Angie Nelson, Chief Deputy Auditor; Commissioner Randy B. Elliott; Commissioner Bob Stevenson; Commissioner Lorene Miner Kamalu; Chris Bone, Human Resources Director; and Mark Langston, Information Systems Director. Shairise Bills, Deputy Auditor, recorded the minutes of the meeting. Another Davis County staff present was: Josh Johnson, Library Director.
There was no public attendance.

Proposed Approval of Budget Meeting Minutes for 9/12/2023 *(Session 1 Audio, Minute 01:00)*

Committee vote to approve the Budget Committee Meeting minutes for 9/12/2023:

MEMBER	MOTIONED	SECONDED	AYE	NAY	ABSENT	ABSTAIN
Commissioner Elliott			X			
Commissioner Kamalu	X		X			
Commissioner Stevenson			X			
Curtis Koch			X			
Mark Langston			X			
Chris Bone		X	X			

9:00-10:00 a.m. **2023 End of Year Projections, Fund Balances**—Presented by Curtis Koch *(Session 1 Audio, Minute 10:00)*

Curtis showed the 2023 Budget Final Page Projections and gave a high-level overview of each fund balance. The Housing Assistance Fund 12 is new, and the balance will carry the program for a few years. There is a transfer out of the Health Fund of $2.7 million for capital projects. The Tourism Fund has a lot of money and projected revenues of $10.6 million. To put that in context, property tax revenues are projected at $30 million. E911 needs to be paid some special attention. There was an $831,000 transfer into E911 from the General Fund for this year, with $631,000 as a one-time transfer. Historically, there has been a $200,000 annual transfer to keep that fund afloat. Fund 42 Debt Service Construction is funding the new Western Sports Park construction for $26 million this year, with a $21 million fund balance in remaining bonds; afterward, the Tourism Fund will fund any residual expenditures. *(See Attachment A.)*

10:00- 11:00 a.m. **2024 Revenue Projections, Tax Rates, New Growth** *(Session 1 Audio- Minute 47:20)*
Angie Nelson showed the Budget Analysis Historical Charts for expenses for 2018-2022, actuals, and 2023-2024 projected for the departments in the General Fund with significant operational growth and the Health, Tourism, Library, and Municipal Services Funds. *(See Attachments B1-B16.)*

2024 Revenue Projections—Presented by Curtis *Koch (Session 1 Audio- Minute 1:31:39)*
Curtis explained the projected 2024 revenues across each fund. Animal Care is negative $7.6 million before the transfer out of Fund 45 for Capital Projects. E-911 has a negative $408,000, and there was a question of whether cities were being charged enough for those services. The goal is to consolidate services, but the County seems to be subsidizing cities again. Curtis showed historical data on vacancies in each department to consider growth and job competitiveness in the workforce. *(See Attachments C&D.)*

Tax Rates and New Growth *(Session 2 Audio)*
Angie explained the property tax history and eligible new growth from 2018-2024. New growth has been relatively consistent. Assessing and collecting for 2023 was projected to be $5.1 million. Registered personal property tax was projected to be -8.44 percent. The revenues from assessing and collecting delinquencies are projected to be $500,000 in 2024. *(See Attachments E1-E7 and F.)*

Curtis showed some historical sales tax data dating back to 2005. He said there is an average of 2.2 percent growth year over year. That is inflation that is carrying those numbers. He projects 2023 growth to be at 3 percent or $2.5 million. The projected growth for 2024 was 2.5 percent, but Curtis is not confident in those numbers. He would instead come in flat with no projected growth. Commissioner Kamalu said the state was projecting no growth. Curtis said coming in flat constrains the budget, and some cuts would need to be made. *(See Attachment G.)*

Angie showed the interest rate history for the last three years. The interest rate was at .05 percent at the beginning of 2021 and went up to 5.3 percent interest as of August 2023. *(See Attachment H.)*

Curtis recommended using a third of the opioid funding for substance abuse treatment programs in Davis County, a third for combatting homelessness in Davis County, and a third for reimbursement of the County's General Fund for the Justice System Impact. Curtis would like a legal opinion to see if it is allowable. *(See Attachments I1-I2.)*

11:00- 12:00 p.m. 2024 Transfers, Internal Service Allocations—Presented by Curtis Koch *(Session 2 Audio-Minute 46:38)*

Curtis reviewed the 2024 Transfers In and Out. Curtis said there has been a long-time discussion at UAC about mitigating tourism and recreation. The code is specific to say Tourism Funds can be used to build, operate, and maintain recreational facilities. Still, people have argued that the mountain can be considered a recreational facility, and the Commission agreed. Curtis received word that it's not likely this issue will get any meaningful movement on any legislation. Curtis recommended funding 100 percent of the Search and Rescue's capital equipment requests. The Commissioners want more information before agreeing to that recommendation. Commissioner Stevenson was concerned about the ongoing costs of taking from that fund. *(See Attachments J1-J2.)*

Curtis showed the cash balance trend dating back to 1999. He asked what the Commission is comfortable taking their fund balance down to. With no budget cuts, the balance would be $22 million. The present cash value would equal that of 2010. The County took tax increases in 2003, 2007, and 2017. Curtis explained his tax spreadsheet for projections. The revenues are flatlining. He said as inflation grows, turnback will be less. The County is still in a healthy financial position. They discussed what the fund balance would be before it is necessary to do a tax increase. A slight tax increase is better than waiting to do a substantial one. *(See Attachments K1-K3.)*

12:00- 1:00 p.m. Budget Committee Working Lunch *(Working lunch audio session)*

The Committee took a short break and reconvened at 12:53 p.m. Curtis continued where he had left off in the previous discussion before the break.

1:00-1:30 p.m. DCEA—Presented by Kevin Krantz *(DCEA audio session)*

Cynda Melville joined Kevin Krantz, the Davis County Employee's Association (DCEA) President, representing the DCEA, to present their 2024 budget requests. He explained the role of DCEA for the County. They currently have 331 members, which is trending down. A few changes happening in the organization include implementing a new financial process and working toward updating the bylaws. They have opted not to do a survey this year due to the survey conducted through HR. He projected an ending net position of $6,317.82 this year. He projected revenues of $8,600 for 2024. Employee feedback included appreciation of the COLA last year despite record inflation, the new

parental leave benefit, and a stable max merit increase of 3.5 percent. The DCEA recommended another COLA, maintaining a 90/10 & 80/20 insurance benefit, addressing some PEHP and Dental Select concerns, and offering employees flexible work schedules.
(See Attachments L1-L8.)

1:30- 2:00 p.m. Annual Compensation Discussion—Presented by Chris Bone *(HR audio session)*

Marina Brito, Comp and Class Analyst; Ric Higbee, HR Deputy Director; and Dawn Tolson, Benefits Administrator, joined Chris Bone, HR Director, in presenting the annual HR compensation strategy. Chris summarized some changes made in 2023. Marina reviewed the County's COLA/market adjustments compared to the public sector market for the past five years and the cost of living rate increases. Utah's unemployment rate is 2.5 percent compared to the national rate of 3.8 percent. If the County gave a one percent pay increase, it would cost $1.1 million. She briefly overviewed the 2024 budget projections and how they were calculated. Ric explained the 2024 compensation structure, including an ongoing compensation strategy to match the range midpoint to 95 percent of the market average, increase the ranges by the same percentage as the COLA/market increase given, and revert to HR doing an internal comp and benefits process next year. The URS changes affecting Tiers I and II were discussed, and the Commission must decide whether they will pay the pickup rate for public safety employees. HR proposed to continue giving an average merit increase of 2.75 percent, COLA/market increase options, and creating a sworn pay structure for the Sheriff's Office.
(See Attachments M1-M9.)

2:00- 2:30 p.m. Employee Benefits Discussion—Presented by Chris Bone *(HR audio session-Minute 54:41)*

Marina Brito, Comp and Class Analyst; Ric Higbee, HR Deputy Director; and Dawn Tolson, Benefits Administrator, joined Chris in presenting the employee benefits report. Ric covered the employee demographics and the current benefits plans. Due to federal requirements, the high deductible plan HSA minimums are increasing to $1,600 and $3,200. The 2024 benefit updates include a 5.2 percent increase in medical insurance, no dental and vision insurance increase, a change in the dental plan to Delta Dental, and an added paid parental leave of up to four weeks. A balance of $25,300 in the Health Assessment account must be distributed by some means. *(See Attachments N1-N17.)*

3:00- 4:00 p.m. Davis County Fleet Discussion—*Presented by Jon Thornley, Fleet Manager*

Jon said successful fleet management needs to be centralized and managed under one set of policies. Doing so would provide a more predictable annual budget process and cost savings by lowering acquisition costs, driving newer vehicles with better safety features, lowering fuel expenses with more fuel-efficient vehicles, and reducing maintenance costs through new and lower mileage vehicles. The current challenges were discussed. He said ordering vehicles has become a challenge due to order timing and length of time to fulfill orders. He said a dedicated vehicle replacement fund could solve this problem. Jon said this will continue as the industry has changed its ordering processes. He proposed an eight-year or 100,000-mile life cycle on light-duty vehicles. He showed the cost

to replace a number of vehicles based on the varying life cycles or mileage numbers. The cost of a third-party lease program was discussed. He said he sent a draft policy to the Commission over a year ago. Jon will send it to the Budget Committee. *(See Attachments O1-O5.)*

4:00- 4:30 p.m. **Internal Service Allocations—**Presented by Angie Nelson, *Chief Deputy Auditor*

This presentation was scheduled for this morning, but due to time constraints, it had to be continued this afternoon. Angie presented the allocations for Buildings and Grounds West. She said the significant allocation change was that the capital projects were moved out of that fund to be charged directly to departments during construction. This change will prevent Fund 63 from growing. Facilities Maintenance Allocations will remove all capital construction items, and departments will be charged based on facility square footage. Information Systems Allocations will be charged based on a four-year actual expense average for phones, and equipment charges are based on costs for actual and requested equipment per department. Security Cameras are a known annual expense with a cost breakout of 85/15 ratio for camera/door locks, respectively. Each department is charged for active cameras and door locks in their areas. Email is a known cost billed annually and is allocated to each department by the number of email accounts. The insurance rates went up 12 percent this year. The Insurance Allocations have not changed; they are based on the department's prorated operating costs. The general liability is the total number of FTEs per department, vehicles per department, and buildings and contents based on square footage. Most of the Insurance Allocations will increase due to the 12 percent rate increase. *(See Attachments P1-P7.)*

Adjournment

The meeting adjourned at 4:16 p.m.

All documents associated with this meeting are listed as the following attachments:

A	2023 Projections Final Budget Page
B1-B16	Expense Historical Budget Analysis Charts
C	2024 Departmental Budget Final Page
D	Position change history 2021-2023
E1-E7	Property Tax History & Growth
F	Certifed Tax Rate History 2018-2023
G	2024 Sales Tax Projections - Fund 10
H	Interest Rate History
I1-I2	Opioid Budget Spend Recommendation
J1-J2	2024 Transfers
K1-K3	2024 Cash Goals

L1-L8	DCEA Budget Presentation
M1-M9	2024 Compensation Plan Presentation
N1-N17	2024 Benefits Plan Presentation
O1-O5	2024 Davis County Fleet Management Presentation
P1-P7	Internal Allocations

Minutes prepared by:
Shairise Bills
Deputy Auditor

Minutes approved on: _____

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Curtis Koch
Auditor— Budget Officer