

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37

# Minutes of the Water Committee Budget Review Meeting

Bountiful City Water Department  
April 25, 2024 (4:00 p.m.)

Present:

Committee Members:	Matt Murri (Chair), Kate Bradshaw, Jesse Bell (excused)
Other Council Members:	Kendalyn Harris, Cecilee Price-Huish, Richard Higginson (left at 6:19 p.m.)
City Manager:	Gary Hill
Assistant City Manager:	Galen Rasmussen
Other City Department Staff:	Kraig Christensen, Gerald Wilson, Tracy Hatch, Lloyd Cheney, Todd Christensen, Tyson Beck, Charles Benson, Jessica Sims, Francisco Astorga

Official Notice of this meeting had been given by posting a written notice of same and an agenda at the City Hall and providing copies to the following newspapers of general circulation: Davis Journal, Standard Examiner, and on the Utah Public Notice Website.

Committee chair Matt Murri called the meeting to order at 4:06 p.m. and welcomed those in attendance.

## **PRESENTATION OF BUDGET**

Gary Hill showed a slide presentation outlining the Bountiful City Pay Plan Philosophy. The plan objective calls for regular moderate updates rather than large, infrequent updates to compensation of employees. The cost-of-living allowance (COLA) and market adjustments are tools that accomplish this objective for the City. Bountiful City's COLA was 17% between 2013 and 2021 when inflation was 14.1% but only 10% from 2022 to 2024 when inflation was 16.8%. This has caused the city to fall behind in meeting compensation plan objectives. Mr. Hill referred to the Council Retreat in January when this was first discussed. It was mentioned at that time that a 4%-5% COLA for two consecutive years (FY 2025 and FY 2026) would likely be necessary to bring compensation back into a competitive range with other cities.

Utah State Senate Bill 91 "Local Government Officers Compensation Amendments" was passed which now requires a notice and public hearing for any compensation adjustments for the city manager, department directors and deputy directors contemplated in the budget.

Utah State Senate Bill 140 "Tier II retirement compensation" failed to allow public entities to pick up a newly mandated 0.7% employee contribution for Tier II non-public safety employees which was allowed for public safety employees in the past. It is proposed that the City contribute the 0.7% into

1 the affected employees' 401k account for consistency with similar practices for Tier II public safety  
2 employees.

3 Gary Hill noted that the health of the city's general operations is seen in the fund balances of the  
4 general fund and capital projects fund of the city. Property tax increases are needed if the balances  
5 are projected to fall below council adopted minimum fund balance thresholds. Tyson Beck was asked  
6 to provide a presentation on the capital projects fund balance and its relation to needs for property  
7 tax increases in the future within the general fund. The fund balance of the capital projects fund has  
8 been augmented by federal funds made available during COVID-19 from ARPA and related funds. A  
9 spreadsheet showing a projection of capital projects fund balance was shown given known factors  
10 such as planned capital improvements, a reasonable estimate of sales tax growth, and a projected  
11 sharing of sales tax revenue between the general fund and the capital projects fund. An outline of the  
12 City's fiscal reserve policy was also provided. By policy, the Capital Projects fund has an emergency  
13 and a capital reserve.

14 In consideration of the pay plan philosophy of the City, Gary Hill proposed that the Council approve a  
15 6% COLA instead of the previously proposed 5% COLA due in part to recent achievement of a more  
16 favorable health insurance premium change from a previous 15% increase to a 10.5% increase. This  
17 change in COLA would allow the city to remain competitive with other cities and the increase would  
18 be fiscally sustainable in the budget. Council members discussed various viewpoints they had on  
19 providing a 6% increase versus a 5%. Gary indicated that while the city could fiscally sustain a 7%  
20 COLA this is not being recommended at this time by staff. Gary asked for input from the Council on  
21 the change in the COLA. Opinions were mixed and it was requested that a poll of the Council in  
22 attendance be made at the end of the meeting.

23 Kraig Christensen, Water Department Director, presented an overview of the Water Department  
24 operations along with the Major Roles and Critical Functions of the department. A slide presentation  
25 showed some projects that the staff has worked on for illustration of work products. The major roles  
26 and critical functions of the Water Department include:

- 27 • Delivering the best quality water that meets industry standards.
- 28 • Quick response to calls for service.
- 29 • Maintaining city water infrastructure.
- 30 • Maintaining facilities.
- 31 • Promoting honest communications.

32 Fiscal Year Priorities for Fiscal Year 2024-2025 include:

- 33 • Millcreek Reservoir rehabilitation project.
- 34 • Finalize the lead and copper inventory for the EPA.

- 1 • Complete the Sanitary survey.
- 2 • Valve maintenance / replacement.
- 3 • Main line pipe replacement.

4 Water fund revenues are expected to exceed the budget for the year. The line-item budget request of  
5 the department was reviewed with comments being made on notable changes between budget years.  
6 Metered Water Sales and a few other line items have been revised from those in the tentative budget  
7 numbers as originally presented. A handout of changed numbers was provided to those in  
8 attendance. A committee member noted that a question was asked by a resident at a recent City  
9 Council meeting regarding the noise produced by the variable frequency (VFD) pump drives at well  
10 sites. Kraig Christensen noted that the staff is working on ways to provide further sound proofing  
11 measures to address concerns.

12 Performance measures of the department were reviewed and discussed with the committee. One  
13 question was asked about whether the performance measures should be adjusted down to account  
14 for extra demands on staff to respond to damage caused by fiber installation around the city.  
15 Discussion on this question ensued but no changes in performance measures were proposed. A  
16 discussion of the Millcreek water reservoir replacement project was also held for information of the  
17 committee members.

18 Water fees were discussed, and it was noted that a fee change was made to address water hydrant  
19 use for large scale projects like filling of a swimming pool or similar. There was also a change in a  
20 related fee for water consumption. The long-term capital plan was reviewed with major projects  
21 being highlighted and discussed.

22 Lloyd Cheney provided a presentation on the outlook for water rates. Rate increases have not  
23 resulted in increased sales due in part to water conservation efforts. Projected revenues and  
24 expenses in the next few years will result in the need for at least a 5% to 10% increase in water rates  
25 starting in Fiscal Year 2025-2026. Lloyd noted that it may be advisable to reconsider the reserve  
26 policy for minimum fund balance level in the Water Fund based on the unique needs of the fund at  
27 this time. In consideration of the projected outlook for rates, Committee member Bradshaw  
28 motioned for a 2% rate increase in Fiscal Year 2024-2025 and this motion was seconded by Committee  
29 member Price-Huish.

30 With no further comments or questions being raised, Committee member Bradshaw made a motion  
31 to accept the tentative budget of the Water fund, as presented, and send the budget  
32 recommendation to the full city council for approval. Committee member Price-Huish seconded the  
33 motion. Voting was unanimous with Committee members Murri, and Bradshaw voting “aye”.

1 A majority of the council present were in favor of a 6% COLA but Committee member Price-Huish  
2 expressed a willingness to entertain a 7% COLA. It was determined this could be discussed at another  
3 time if desired.

4 The meeting adjourned at 6:25 p.m. on a motion made by Committee member Price-Huish, and  
5 seconded by Committee member Murri. Voting was unanimous with Committee members Murri, and  
6 Bradshaw voting “aye”.

DRAFT