

# Minutes of the Finance and Administration Committee Budget Meeting

Bountiful City Hall Council Work Room

April 22, 2024 (8:00 a.m.)

## Present:

Committee Members:	Kendalyn Harris (Chair), Richard Higginson, Matt Murri
Other City Council Members:	Jesse Bell, Cecilee Price-Huish, Kate Bradshaw
City Manager:	Gary Hill
Assistant City Manager:	Galen Rasmussen
Department Personnel:	Tyson Beck, David Burgoyne, Francisco Astorga, Greg Martin, Dan Urban, Jessica Sims, Lloyd Cheney, Todd Christensen, Brad Jeppsen, Charles Benson

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 the Utah Public Notice Website.

Committee chair Kendalyn Harris opened the meeting with a call to order at 8:15 a.m., and those in attendance were welcomed. Committee chair Harris asked Galen Rasmussen to provide direction on the order of budget presentations. It was also noted that voting by committee members for approval of all budgets would be made at the end of the presentations.

## **PRESENTATION OF BUDGETS**

### **Finance Department**

Tyson Beck was asked to review the budget request from the Finance Department which now includes the former Treasury Department budget and staff members. Fiscal priorities for the Finance Department include providing customer service for the new Fiber Fund in addition to other core priorities of the department. A question was asked by a committee member regarding plans for further City responsibilities for E911 dispatching of other agencies in Davis County. Gary Hill and Tyson Beck responded on the status of that activity. Budget increases in personnel services in the Finance budget are largely due to a 5% cost of living increase for employees and a 15% health insurance increase. Gary Hill and Jessica Sims noted that the level of increase in health insurance premiums had been reduced from 15% to 10.5% through negotiations with the City's insurance broker. Adjustments will be made to each department's health insurance budget prior to presentation of the overall City budget for final adoption in June. Operations and Maintenance categories decreased between years due to further truing up of expenses from the combination of the Finance and Treasury departments. A discussion of the Administrative Services line item ensued, and

1 it was noted that this line item accounts for a reimbursement from enterprise funds to the general  
2 fund for services provided.

3 **Debt Service Fund Budget**

4 Tyson Beck outlined the budget request of the debt service fund. This fund accounts for debt service  
5 on the general obligation debt of the city. An adjustment to decrease the debt service levy is being  
6 proposed to collect only the amount of tax necessary to meet the City's debt obligation. It was noted  
7 that the methodology followed by Davis County to assess and collect the debt service due, if  
8 unadjusted by the City, would result in an overcollection of taxes for debt service in total so an  
9 adjustment is being proposed in the budget.

10 **Cemetery Perpetual Care Fund**

11 Tyson Beck reviewed the budget request of the Cemetery Perpetual Care fund. This fund accounts for  
12 future funding of maintenance for the cemetery after all operations have ceased. The income for this  
13 fund is derived from lot sales and from interest income.

14 **Landfill Closure Fund**

15 Tyson Beck noted that this fund accounts for amounts needed to maintain the City landfill after its  
16 eventual closure. The fund accumulates interest income on deposited amounts for that future closure  
17 based on estimated life of the landfill.

18 **Fiber Fund**

19 Tyson Beck, Galen Rasmussen, Gary Hill, and Lloyd Cheney reviewed the budget request of the new  
20 Fiber fund. Gary Hill noted that the financial proforma developed for this Fiber project indicated a  
21 0.8% take rate at this point in the project development. As of the end of March 2024, the city had 159  
22 fiber connections and a 0.8% take rate. These outcomes place the project on track with the original  
23 financial proforma. Lloyd Cheney noted that the project construction rate is progressing well with B.  
24 Jackson Construction (UTOPIA subcontractor) installing 112 miles of conduit, 55 miles of fiber and  
25 4209 handholds as of the most recent data available. The line-item budget has been developed to  
26 track with estimated construction progress and the financial proforma estimates.

27 **Human Resources Department**

28 Jessica Sims reviewed the Human Resources budget for those in attendance. Increases in the  
29 department mostly result from the 5% cost of living and health insurance increases. Thanks were  
30 expressed by committee members for efforts made to reduce health insurance increase impacts and  
31 for the work needed to process payroll for the South Davis Recreation District.

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1    **Information Technology Department**

2    Greg Martin outlined the budget request from the Information Technology department and the  
3    department's fiscal priorities which are designed to aid departments in data connectivity. Greg noted  
4    that there is a looming issue with future cost increases in virtual resource management software  
5    licensing (currently the City uses software from VMware). To address this future cost increase, staff  
6    are researching opportunities with other vendors. An additional area of focus for the department is  
7    on the implementation of Cyber Security measures for compliance with external mandates from  
8    various entities such as insurance providers, data security required by the criminal justice system and  
9    other entities. Staff are also working with other departments to help assess their true costs of  
10   information technology resources per employee to aid in budgeting. The ten-year capital plan of the  
11   department was also discussed.

12   **Computer Replacement Fund**

13   Greg Martin reviewed the budget request of the Computer Replacement fund. This fund is used to  
14   track and account for the eventual replacement of computers and related hardware using a five-year  
15   replacement schedule. The ten-year capital plan was also reviewed.

16   **Engineering Department**

17   Lloyd Cheney reviewed the budget submission of the department. Fiscal year priorities include the  
18   reconstruction of 300 S and continued management of the construction of the Fiber project. Fine  
19   tuning of administrative processes is ongoing including the permitting process for encroachment  
20   (excavation) permits. The Fiber project has not been assessed encroachment permitting fees since it is  
21   a city project. Building Permits issued for the year thus far total 709 permits. Lagging projects in the  
22   city include the Renaissance Town Center area for which there are many inspections remaining which  
23   will require additional staff time to complete. Other projects with issues that staff deal with include  
24   interfacing with the School District and its projects which are largely governed by State law rather  
25   than City specific ordinances. A question was asked about staff involvement with trails development  
26   and plans for trails and the question was addressed by Todd Christensen, Brock Hill, and Lloyd Cheney.

27   Budget increases are largely due to cost of living and health insurance changes as noted in other  
28   budgets presented. Changes in the operations and maintenance area include training and  
29   certification for a new inspector and supporting costs for use of outside contracted inspection services  
30   as needed. Reductions in capital expenditures were due to reallocations of generator purchases  
31   throughout the city. There were also some changes in engineering fees related to application fees  
32   and a reinspection fee on third inspections.

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1     **Planning Department**

2     Franciso Astorga outlined the budget request of the department and reviewed the related fiscal year  
3     priorities. Staff training is being provided to develop staff abilities. Committee member Higginson  
4     underscored the Council’s recognition of the importance of providing the necessary training to keep  
5     staff well trained. Budget line-item changes centered on the cost of living and health insurance  
6     increases noted in other budgets. The council expressed an interest in why there was a decrease in  
7     the number of business license renewals between calendar year 2022 and 2023. A report back will be  
8     given by Planning staff at a future date to answer this question. Planning fee changes were reviewed  
9     for both license fees and development fees.

10    **Redevelopment Agency (RDA) Fund**

11   Francisco Astorga noted that the RDA fiscal priorities now include development of a new property  
12   downtown to be used as a restaurant. Tax increment changes and the process for tax increment were  
13   explained by Gary Hill. The valuations and tax rates applied in the RDA can change the revenue  
14   between years in a negative way. This situation is expected to ultimately result in receiving \$4 million  
15   less than projected at the RDA renewal time or about \$17 million instead of \$23 million as originally  
16   projected.

17   A question was asked about when management feels that General Property tax rates will need to be  
18   increased for the City. Gary Hill noted that a projection is being made by the Finance and Executive  
19   departments and a report on this will be forthcoming this week.

20   RDA budget line items were reviewed for the Operating Fund (Fund 73) and the Revolving Loan Fund  
21   (Fund 72). Changes in Fund 72 were made in support of loans to be issued for the development of  
22   local business activities. Committee member Price-Huish asked a question about the 6-month  
23   estimate for improvements other than buildings in Fund 73. Gary Hill noted that this number will  
24   need to be adjusted due to an error in the budget development phase. Adjustments will appear in the  
25   final adopted budget.

26   **Legal Department**

27   Brad Jeppsen noted that budget changes for the Legal department came mostly from the cost of living  
28   and insurance premium increases along with changes in public defender fees from procedural changes  
29   mandated at the state level. Questions were asked about how public defenders are assigned and how  
30   the process works in the City. Brad briefly outlined the process to answer questions.

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1    **Liability Fund**

2    Brad Jeppsen outlined the budget request of the fund. The largest budget impacts are from the  
3    number of cases and the dollar amount of claims from the current and past years along with the cost  
4    of insurance premiums for liability coverage citywide.

5    **Workers' Compensation Fund**

6    Brad Jeppsen outlined the budget request. Discussion was held on the typical types of claims  
7    processed and possible changes in insurance carriers to reduce costs and streamline processes. The  
8    line-item budget was reviewed with particular emphasis on claims cost.

9    **Executive Department**

10   Gary Hill outlined the composition of the department as noted in the organization chart. The budget  
11   of the department includes changes primarily related to the cost-of-living allowance, insurance  
12   premiums and similar categories.

13   **Legislative Department**

14   Gary Hill mentioned the purpose of the department and that it includes activities of the elected body  
15   of the city. Budget increases are inclusive of cost of living and insurance premium increases noted  
16   previously. The election expense change is made for accommodating a RAP Tax renewal election for  
17   November 2024.

18   **Committee Action and Adjourn**

19   Committee chair Harris asked for a motion to approve the budgets presented. Committee member  
20   Higginson made a motion for approval of all budgets presented. This motion was seconded by  
21   Committee member Murri. Voting was unanimous with Committee member Harris, Higginson and  
22   Murri voting aye.

23   The meeting adjourned at 10:25 a.m. on a motion made by Committee member Murri and seconded  
24   by Councilman Higginson. Voting was unanimous with Committee members Harris, Higginson, and  
25   Murri voting "aye".

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