

KAYSVILLE CITY COUNCIL
WORK SESSION
June 12, 2024

Minutes of a special Kaysville City Council work session held on Wednesday, June 12, 2024 beginning at 4:00 p.m. in Kaysville City Hall at 23 East Center Street, Kaysville, UT.

Council Members present: Mayor Tamara Tran, Council Member John Swan Adams, Council Member Mike Blackham, Council Member Abbigayle Hunt, Council Member Nate Jackson, Council Member Perry Oaks

Staff Present: City Manager Jaysen Christensen, Finance Director Dean Storey, City Recorder Annemarie Plaizier

OPENING

Mayor Tran opened the work session and welcomed everyone present.

CONTINUED REVIEW AND DISCUSSION OF THE TENTATIVE FY 2025 BUDGET

Finance Director Dean Storey began by outlining the agenda focused on finalizing the budget discussions. He mentioned upcoming action items for the June 20 city council meeting, including adopting various budgets and schedules, and possibly scheduling a Truth in Taxation hearing.

Council Member Adams sought clarification on scheduling the Truth in Taxation hearing and whether the budget would be adopted as tentative or final.

Dean Storey responded that it would be the decision of the city council to schedule a Truth in Taxation, or to adopt the final budget as presented at the June 20 meeting. If the city council wishes to schedule a Truth in Taxation hearing, prompt decisions need to be made to meet county requirements for noticing the hearing and outlining minor amendments to the budget. Mr. Storey reviewed shifts in schedule changes and fee adjustments in the budget, particularly noting changes in utility rates and their impact on revenue streams. Specific adjustments in sewer and power rates were detailed, including tiered pricing adjustments for different usage levels during summer months.

Council members engaged in detailed conversation primarily focused on proposed changes to the electricity rate structure and the impact of adjusting rates during summer months. Calculations were presented illustrating how the proposed rate adjustments would affect average household power bills, emphasizing a shift in the tiered pricing for different levels of electricity usage. The dialogue included concerns about fairness in pricing for residents with varying energy consumption levels, with Council Member Adams seeking clarification on historical rate structures for high-usage thresholds. The council deliberated on the financial implications of the proposed changes, noting projections that these adjustments could help stabilize the city's power fund balance.

Council Member Adams expressed concern that the cost for power still exceeds the city's incoming power revenue. This portion of the meeting concluded with the council agreeing that they were okay with the proposed changes to the city's consolidated fee schedule.

Dean Storey outlined the proposed adjustments to the city's compensation plan. He explained that the current proposal includes a 3% market adjustment aimed at keeping the city's compensation competitive with other employers in the area. This adjustment is designed to ensure that positions within the city attract and retain talent effectively. Additionally, there is a proposed 3% merit adjustment intended to reward individual employees for their performance based on annual evaluations. Mr. Storey emphasized that the merit adjustment allows department heads some discretion within the budget to recognize exceptional performance.

Council Member Adams raised questions about the process, particularly concerning how employees can advocate for salary increases beyond the approved adjustments.

Dean Storey clarified that such requests typically require approval from the city manager and notification to the City Council, especially if they exceed the authorized 3% merit increase.

Further discussion between the mayor and city council delved into comparisons with private sector practices. Council members highlighted differences in how salary adjustments are handled in private companies versus government entities like the city. They debated whether employees should proactively seek raises based on performance or if such requests might lead to disparities or increased pressure on supervisors.

Council Member Oaks drew parallels with federal government practices, noting the structured step increases that occur periodically based on tenure rather than performance. This contrasted with the city's proposed merit-based system, where performance evaluations directly impact salary adjustments.

Council Member Adams expressed concerns about the predictability of salary increases and the potential impact of altering the merit adjustment percentage. He emphasized the importance of transparency and consistency in the city's compensation policies, ensuring that employees understand the framework under which they are hired and compensated.

Dean Storey elaborated on the pay range structure, explaining that it spans from an entry point to an endpoint, representing a 35% range. He discussed how annual increases affect an employee's progression within this range, illustrating that a consistent 3.5% annual increase would lead to reaching the top of the range within ten years.

Council Member Adams inquired about initial expectations when the pay structure was revised several years ago, recalling a shift from a step plan to the current range system. He expressed concern over potential discrepancies between initial expectations and current practices regarding annual merit increases, specifically questioning whether employees were informed that they could expect a fixed 3% increase annually.

Council Member Blackham contributed historical context, mentioning previous variations in the initial years of employment versus later years under the previous step plan.

Dean Storey clarified that the transition aimed to provide more flexibility while adhering to budget constraints set annually by the council.

Council Member Jackson shifted the discussion to the concept of cost-of-living adjustments (COLAs) and their predictability.

Dean Storey noted that historically the city's target has been to match the Utah Retirement Systems' COLA, highlighting its role in maintaining consistency in compensation.

Council members deliberated on proposed adjustments to the compensation plan, focusing on whether to adjust the market and merit increases by 2% or 3%.

Dean Storey provided financial projections for each scenario, outlining potential savings and impacts on different city funds.

There was debate on whether to prioritize maintaining the expected 3% merit increase or adjusting it in favor of a higher market increase to address broader fiscal concerns.

Council Member Blackham referenced the practices of other cities, noting that Farmington would be implementing a 5% wage increase for city employees. He emphasized the financial burden on taxpayers and the importance of comparing public sector compensation with private sector practices when considering such increases.

Mayor Tran interjected, highlighting the challenges faced by the city due to a multi-year hiring freeze and the resulting strain on existing staff.

Council Member Jackson expressed concerns about the freeze's impact on employee workload and voiced support for a 3% merit increase given inflationary pressures.

Council Member Adams sought consensus on whether to proceed with a 2.5% or 3% cost-of-living adjustment (COLA) and echoed concerns about the budget deficit.

Dean Storey provided updated financial figures, including a shortfall in projected revenue from property assessments, and outlined ongoing expenditures from the fund balance for capital projects.

Council members deliberated on the implications of potential tax increases versus using the fund balance to cover budget shortfalls. They discussed deferred maintenance costs, such as cemetery improvements and waterline repairs, emphasizing the need to balance immediate fiscal responsibilities with long-term infrastructure needs.

Council Member Blackham expressed reluctance towards truth-in-taxation measures, preferring to manage budget gaps through existing funds rather than imposing additional tax burdens on residents.

Mayor Tran and Dean Storey discussed adjustments to the projected deficit based on various proposed budget scenarios, including potential tax increases and expenditure reductions.

Council Member Jackson expressed concerns about the impact of budget constraints on hiring critical personnel, highlighting recent staff losses and the strain on remaining employees.

Jaysen Christensen elaborated on the city's conservative budgeting approach for the upcoming year, emphasizing the need for thorough planning and data analysis to determine staffing priorities and associated revenue needs. He mentioned ongoing efforts to explore alternative solutions, such as outsourcing fire inspections and leveraging partnerships with neighboring cities.

Council members deliberated on the balance between cost-of-living adjustments (COLAs) and merit increases within the budget.

Jaysen Christensen advocated for maintaining a 3% COLA to remain competitive with other cities in the region, while acknowledging the importance of merit-based pay adjustments for employee retention.

Council Member Jackson sought clarification on URS (Utah Retirement Systems) and its maximum annual adjustment limits, which are capped at 4% by state law, with provisions for catching up on previous years' adjustments.

Council Member Blackham elaborated on the legislative constraints and the statutory limits for annual increases, emphasizing the catch-up mechanism allowed within the 4% cap.

Dean Storey and council members discussed the implications of CPI (Consumer Price Index) adjustments versus URS adjustments, with CPI influencing cost-of-living considerations and URS focusing on retirement system adjustments.

There was debate among council members regarding the optimal COLA (Cost of Living Adjustment) rate for city employees, with Jaysen Christensen advocating for a 3% COLA to remain competitive and align with regional norms.

Council Member Jackson expressed concerns about the financial impact on residents amidst rising costs and suggested cautious approaches to tax increases and fund allocations.

The dialogue also touched on the city's fund balance and the potential need for a truth-in-taxation hearing to ensure transparency about the city's financial needs.

Mayor Tran emphasized the importance of truth-in-taxation for public understanding, despite the potential public backlash.

The council deliberated on different adjustment strategies, including maintaining a 3% increase while using the fund balance to cover any shortfalls.

Council Member Adams expressed concern about future budgeting and the impact of potential hiring next year.

The consensus leaned towards a cautious approach to adjustments, considering both immediate financial needs and long-term fiscal responsibility. The council discussed merit-based increases for city employees, with suggestions on discretionary allocation to ensure fairness and reward exceptional performance.

Council Member Oaks emphasized the city's responsibility to its 30,000 to 33,000 residents, highlighting recent improvements in wage rates and cost-of-living adjustments (COLA).

Council Member Blackham noted changes in employee benefits like holiday policies and personal time off, emphasizing the broader benefits available to government workers.

The conversation shifted to healthcare costs, with council members expressing concerns over rising premiums despite the city covering a significant portion of these expenses.

Dean Storey clarified that the city shoulders 85% of the healthcare premium increase, mitigating some of the financial burden on employees.

Council Member Adams raised specific concerns about the impact of healthcare cost increases on employees' take-home pay, citing examples of significant monthly healthcare expenses.

Mayor Tran added comparative context, mentioning how neighboring cities like Bountiful and Salt Lake City have adjusted their COLA rates.

Council members expressed varying opinions on the appropriate COLA rate, with Council Member Hunt advocating for a higher increase to maintain competitiveness and reward past efforts.

Council Member Adams suggested a compromise at 5.5% (3% market increase, and up to a 2.5% merit increase), aiming to secure consensus among the council members.

Council Member Blackham argued for a differentiated approach to merit increases, pointing out disparities between Tier 1 and Tier 2 retirement benefits. He advocated for a 2.5% merit increase, particularly benefiting newer employees in Tier 2 of the retirement system.

Council Member Jackson remained steadfast in supporting a 3% COLA and a 2.5% merit increase, expressing his position clearly.

Council Member Adams indicated reluctant acceptance of the 3% COLA and 2.5% merit increase proposal, highlighting a desire for consensus by the council and a commitment not to obstruct the budget approval process.

Council Member Oaks echoed a similar sentiment, emphasizing the importance of unity among council members despite personal reservations.

Discussions briefly touch on the idea of using fund balance versus implementing truth-in-taxation measures, with Dean Storey providing financial insights about fiscal stability and the audit process.

The city council deliberated on the complexities of merit-based compensation and its impact on morale and performance evaluation. The council concluded with the majority agreeing to approve a 3% market increase and a 2.5% percent merit increase for qualifying individuals.

Council Member Oaks requested to be excused for the remainder of the meeting at 5:35 p.m.

Dean Storey presented a proposed increase in compensation for the mayor and city council members.

Council Member Jackson argued in favor of the increase, noting the time commitment required for council duties and suggesting that a higher compensation could attract more qualified individuals to run for office in the future.

Council Member Adams raised concerns about the proposed amount, recalling previous discussions where he had suggested a higher figure.

Council Member Hunt emphasized prioritizing employee salaries over council compensation. She stressed that while she had never been in favor of raising council salaries, any increase should align with the approach taken with city employees. She suggested that council members' compensation should not exceed the percentage difference below market average that city employees were experiencing.

Mayor Tran sought clarity on the proposed amount and explored the implications of approving a higher salary. She acknowledged the need for a balanced approach, considering both the fiscal responsibility to the city's budget and fairness in compensating council members for their time and effort.

Dean Storey clarified the procedural requirements for increasing council compensation, highlighting the city council's need to hold another a public hearing due to state requirements if they wish to increase the proposed amount from what was discussed in the previous public hearing.

Council Member Jackson and Council Member Blackham expressed willingness to hold another public hearing, despite potential public perception.

Council Member Adams supported the idea of discussion higher compensation publically as well.

Council Member Hunt indicated that she would likely vote against the budget if a proposed council salary increase were included, reiterating her prioritization of employee salaries and fiscal restraint. Increasing the council's salary would draw more funds from the city's general fund reserve balance.

Council Member Jackson reiterated that increasing the salaries for these elected positions may help attract more candidates.

Council Member Hunt noted that the majority of individuals who seek elected positions are motivated by factors other than financial compensation. Council Member Hunt emphasized her lack of support, particularly if there is another proposal to increase council salaries within the budget.

Mayor Tran posed a critical question to Council Member Hunt, inquiring whether she would oppose the entire budget if it included a salary increase for the city council and mayor.

Council Member Hunt responded that, at this time, she would likely vote against the budget.

Council Member Blackham expressed surprise at learning that Council Member Hunt would oppose the proposed budget due to the compensation increase for council members. Although there are elements within the budget that he personally disagrees with, he indicated his willingness to support it overall.

Council Member Jackson asked Council Member Hunt if she would be willing to compromise and support the proposed council salary increase if they agreed not to increase the proposed salary amount any further for the FY 2025 budget.

Council Member Hunt agreed to compromise, stating that if the council compensation remains as currently proposed, she would likely vote in favor of the budget.

Council Member Adams added that, from the outset, he has strongly believed that the city council and mayor deserve a higher increase than what is currently presented in the budget. However, he expressed his willingness to accept the compensation as it is proposed.

The discussion continued with suggestions for future policies to regulate council compensation, including comparisons with salaries in similar cities.

Mayor Tran advocated for creating a policy framework to guide future adjustments, aiming to avoid prolonged debates and ensure consistency in compensation decisions. Mayor Tran suggested implementing a policy that aligns city council compensation with the annual market increases received by city employees.

Council Member Jackson supported this idea, noting that it could reduce future debates.

Council Member Adams expressed concern that Council Member Hunt's vocal disapproval of the compensation increase might create a misconception that the rest of the council is motivated by greed.

Council Member Hunt reaffirmed her commitment to approve the budget if the proposed compensation for the city council remains unchanged, though she would likely still express her concerns about this part of the budget.

Mayor Tran mentioned that previous council members had declined their offered compensation.

Council Member Adams suggested that compensation could be revisited the following year, while Jackson voiced concerns about the possibility of waiting another six years for an increase.

Council Member Hunt emphasized that while the council invests significant time in their roles, it is the city employees who are essential to the city's operations and should be prioritized for any available salary increases.

Jayson Christensen advocated for a comprehensive review of compensation benchmarks from comparable cities. He proposed compiling a list of ten cities similar in size to Kaysville and examining their council and staff salaries to establish clearer market norms.

Dean Storey reiterated the findings from a recent compensation study done by the city, which had compared Kaysville's salaries with those of similar municipalities across the state. The study included the mayor and city council salaries and informed the current proposed increases.

Mayor Tran emphasized the importance of data-driven decision making, suggesting that the council not increase the proposed council salaries any further than what is already being proposed. She also recommended establishing a policy for regular compensation reviews for the mayor and city council positions to prevent similar debates in the future. This approach, she argued, would foster transparency and predictability in budgeting while ensuring that council members are fairly compensated for their service. Making additional changes to the proposed council salaries now is not the best idea.

Council Member Adams expressed agreement with Mayor Tran's proposal, emphasizing the need for future compensation studies to maintain parity with evolving market standards. He cited examples of neighboring cities currently paying higher council salaries and stressed the importance of remaining competitive in attracting and retaining qualified leaders.

After further deliberation, the council agreed to proceed with the proposed compensation package for the mayor and council members while directing staff to explore the development of a formal policy for future adjustments. This decision marked a compromise between recognizing the current workload and responsibilities of council members and maintaining fiscal responsibility within the city's budgetary constraints.

Dean Storey concluded by thanking the council for their active participation in the budget process and invited feedback on how to improve future budget processes. He emphasized upcoming capital infrastructure needs, highlighting the ongoing financial challenges and the strategic planning required for the city's development.

Mayor Tran adjourned the meeting with a unanimous vote by the council at 6:13 p.m.