

Approved 06/20/2023

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PROVO MUNICIPAL COUNCIL

Budget Work Meeting Minutes

2:00 PM, Tuesday, June 13, 2023

Provo Peak Meeting Room

Hybrid meeting: 445 W. Center Street, Provo, UT 84601 or

<https://www.youtube.com/provocitycouncil>

Agenda ([0:00:00](#))

Roll Call

The following elected officials participated:

Council Chair Katrice MacKay, conducting

Council Vice-chair Rachel Whipple

Councilor Shannon Ellsworth

Councilor Travis Hoban

Councilor David Shipley

Councilor George Handley

Mayor Michelle Kaufusi

Excused: Councilor Bill Fillmore

Prayer

Katrice MacKay offered the prayer.

Business

1. A training on Council meeting procedures. (23-002) ([00:08:30](#))

Brian Jones, City Attorney, gave a brief training on the procedures for making motions in Council meetings. He explained the intricacies and what is permitted as far as making motions, amending motions, and subsequent motions, noting that no more than three motions may be on the table at any one time. Mr. Jones recommended always restating the motion prior to taking a vote. Mr. Jones also cautioned against multiple Councilors editing a motion as it was being made. If a Councilor was still in the formative stages of deciding what their motion should be, he suggested that the Councilor share an idea, and discuss that idea first. After a motion is made, if another Councilor asks if a motion included something, the original motion maker should clarify the intent of their motion and ask if the second still stands. If this new comment was not contemplated or explicitly included, they should say it was not their intent and the commenter is welcome to make a substitute motion or amend the motion to that effect. Mr. Jones noted that the intent is to preserve the formality of the process while also allowing some flexibility to the Councilors as they are formulating their ideas. Councilor Rachel Whipple shared her thoughts from the perspective of someone making a motion and asked for clarification about the formal procedure. Justin Harrison, Council Executive Director, also briefly commented on the nature of

Councilors making suggestions for motions. In response to a question from Ms. Whipple, Mr. Jones gave further clarifications about the differences between an amended motion versus a substitute motion. *Presentation only.*

2. A discussion regarding unencumbered ARPA funds. (23-049) (00:22:21)

Justin Harrison, Council Executive Director, presented. Mr. Harrison gave background information about the ARPA fund allocations approved by the Council. With the recent agreements in Congress regarding the debt ceiling, one provision in the Fiscal Responsibility Act of 2023 was to rescind unobligated ARPA funds. The language is very ambiguous, but there is the potential for the City to lose any of its unspent or unallocated funds. Staff thought it would be prudent to bring this to the Council for further discussion and consideration. Council Chair Katrice MacKay thought it would be most prudent to allocate the funds.

Councilor Shannon Ellsworth thought it would be good to use the unallocated funds for water conservation initiatives. She suggested implementing smart controllers at City parks. She also suggested flipping the strips on Center Street where there is turf. Wayne Parker, CAO, shared some insight about smart controllers in city parks and some of the factors impacting irrigation. Ms. MacKay asked about the urgency of the ARPA fund allocations. Mr. Parker said they have spoken with Congressional staff and everything they have heard is about the federal government reclaiming funds from federal agencies. If certain municipalities have missed the deadlines, then they will no longer receive the funds. However, if funding has already been allocated to a city, those dollars are considered encumbered. Ms. MacKay suggested they asked for Parks and Recreation to come to a Work Meeting. Mr. Parker said they could facilitate that for a future Work Meeting. *Presentation only.*

3. A presentation regarding FY24 tentative budget amendments. (23-008) (00:31:00)

Kelsey Zarbock, Budget Officer, presented. She shared a list of the proposed amendments to the tentative budget and reviewed each change with more context. Councilor Rachel Whipple asked about the certified tax rate from the County. Ms. Zarbock explained that the property valuations had dropped slightly, which impacted the City's resulting revenue from property tax. Ms. Zarbock continued with the line-by-line review. Councilor David Shipley asked if there were usually a \$10,000 increase in expenses, would they try to allocate that equally. Ms. Zarbock explained that for this particular cost, this fits into the General Fund divisions portion of the chargeback, so it was split across departments. Councilor Travis Hoban asked about how they typically account for shortfalls in the budget. Ms. Zarbock explained that the miscellaneous revenue account really is miscellaneous, so they try to avoid using this account to balance the budget. John Borget, Administrative Services Director, explained they also avoid adjusting sales tax revenues, as there is a calculation they use to forecast sales tax. Mr. Shipley asked why the County had two different calculations of valuation, one with revenues increasing and one with revenues decreasing. Ms. Zarbock explained her conversation with Utah County—there were some additional data points entered in by the County on Friday related to redevelopment areas which was what caused the changes. Mr. Shipley asked why the City versus the Library's budgets moved in opposite directions. Ms. Zarbock clarified that both budgets moved in the same direction, just by different amounts. Ms. Whipple said it would be helpful to get a better

explanation from the County about this. Mr. Shipley asked an additional question about the property tax calculations and the Library's budget. Ms. Zarbock responded and said she has not reevaluated the Library's property tax. Mr. Borget said the concern from the Library Board and the City Administration is the trend of not keeping up with inflation. ***Presentation only.***

4. A discussion regarding property tax (23-008) (00:48:14)

Justin Harrison, Council Executive Director, presented. Council Chair Katrice MacKay suggested they move right to discussion as the Council has had a previous presentation on this. Mr. Harrison said they would look at the library and general operations property tax rates separately. Councilor Travis Hoban asked if they could briefly review the highlights of each of the entities. Mr. Harrison reviewed the recommendation from the Library Board. Mr. Hoban asked if the Council would need to do Truth in Taxation to change the Library rate, which Mr. Harrison indicated was the case. Councilor Shannon Ellsworth shared some comments as a member of the Library Board. She thought they needed to have a more comprehensive facilities plan in order to properly plan for the facility's capital needs. Mr. Hoban wondered if the Library has said where specifically they would spend this money. Councilor David Shipley said that Carla Gordon, Library Director, recently presented and said that every year they are using funds from their general reserves for facilities needs. Councilor George Handley asked about what the ask from the Library was. Mr. Harrison indicated that the Library asked for a specific dollar amount for each year over the next five years. Mr. Handley clarified that he wondered if the requested increase was commensurate with the typical inflation or cost-of-living increase of 4%. Mr. Shipley said the Library's requested amount was under 4% of their total budget. Mr. Shipley thought they were trying to be very conservative about this. Ms. Whipple thought it was a conservative solution but it did not solve their issue entirely.

Mr. Shipley noted again that they cannot commit a future Council to this. In the last discussion he asked how much they would need up front if this Council were to do a larger, one-time increase. Councilors discussed the possible increase for the Library. Mr. Shipley noted that the Council could do a one-time increase that was less than \$500,000 and due to the Library earning interest they could still accomplish their goal with a smaller one-time property tax increase. In response to a question from Mr. Shipley, Brian Jones, City Attorney, said the Council must notice the maximum rate they would consider adopting for the two different tax rates. Mr. Jones said it was most helpful for staff to know as soon as possible if there was consensus among the Council on whether to do Truth-in-Taxation at all. Ms. Zarbock said they needed to alert the County by June 22 if the Council intends to pursue Truth-in-Taxation and must submit the final rate by June 30.

Motion: David Shipley moved to move forward on Truth-in-Taxation on the requested amount from the Library Board of \$100,000. Seconded by Katrice MacKay. ***Mr. Shipley rescinded this motion.***

Councilors discussed the Truth-in-Taxation process and the other taxing entities in the area. Mr. Handley suggested the Council consider the amount for public safety so they could consider the total dollar amount impacting residents. The Council discussed a potential increase to property tax for public safety. Mr. Harrison reviewed previously presented information about inflation.

Mr. Shipley shared comments—sales tax is strong now, but it may not always be the case, so he thought it was important to plan for public safety with property tax with a nominal adjustment each year. Ms. Ellsworth asked if the Council was budgeting for outcomes within the public safety operations at the City or if they were just raising taxes; she suggested connecting the property tax increase to specific public safety needs. Ms. MacKay asked how many police officers were not fulfilled in the budget. Mayor Michelle Kaufusi said that four were requested as necessary, and two were budgeted. Ms. Whipple noted the impact of inflation on the city budget. Mr. Shipley noted that sales tax revenue does typically increase with inflation, although the property tax revenue does not. Ms. Whipple thought the property tax revenue should go up every year to account for these costs. She noted the Council did not necessarily need to tie the property tax increase to a public safety officer; it could be an increase simply to account for inflation. Mr. Shipley noted that doing the increase for inflation would allow the Mayor some more flexibility in budgeting the funds to the areas where they are most needed. Mr. Handley thought it would be confusing to the public if the increase was not tied to public safety.

Mr. Harrison continued presenting—he shared a spreadsheet showing a breakdown of the property tax rates for the City and the possible discussed increases and impact of each. Mr. Shipley shared comments on keeping up with inflation each year with the property tax rate. Mr. Handley suggested the Council consider the maximum portion for the City as the rate which will cost the average household \$7.80 and the maximum amount for the Library of \$300,000. Mr. Shipley said this was not accomplishing his desired outcome of pre-funding the Library. Ms. MacKay indicated that Central Utah Water Conservancy District would likely do a 4% increase.

Captain Brian Taylor, Provo Police Department, was present to answer any questions from the Council. Mr. Shipley summarized the Council's intent to have some additional funding each year through Truth-in-Taxation to fund public safety. The Council's understanding is that even if the Council added an officer each year for the next several years, there would still be a need as they would still be short of the ideal number. Captain Taylor said that understaffing hurts their ability to provide public safety to the community, particularly at the airport and in patrol.

The Council continued their discussion. Mr. Shipley wanted to make this year's increase as minimal as possible due to a high increase in property taxes for Provo residents last year. Mr. Handley restated his motion. Mr. Shipley was not in favor of the 5% increase for the general operations rate that Mr. Handley was proposing. Mr. Hoban preferred noticing at the lower levels; he was comfortable with 3% on the City side and \$100,000 on the Library side. Ms. Ellsworth also said she was comfortable with that.

Motion: George Handley moved to notice \$100,000 for the Library and a 5% increase for the City as the maximum. Seconded by Katrice MacKay.

Amended motion: David Shipley moved to amend the motion to \$100,000 for the Library and a 3% increase for the maximum for the general operations rate increase. Seconded by Travis Hoban.

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The Council discussed the amended motion. Ms. Whipple liked the idea of noticing a higher amount so they could have more flexibility in discussing the options and potential ramifications with constituents.

Vote on amended motion: Failed 3:3, with George Handley, Katrice MacKay, and Rachel Whipple opposed and with Bill Fillmore excused.

Vote on Mr. Handley's motion: Failed 3:3, with David Shipley, Travis Hoban, and Shannon Ellsworth opposed and with Bill Fillmore excused.

Motion: Katrice MacKay moved to notice \$100,000 increase in property tax revenue for the Library. Seconded by David Shipley.

Vote: Approved 6:0, with Bill Fillmore excused.

The Council asked staff to prepare several items, including ascertaining the intent of Central Utah Water Conservancy District for a property tax increase and to prepare the exact dollar figures for one and two additional police officers.

Ms. MacKay noted that the Council did not appropriate the funds from the Truth-in-Taxation increase last year; she wondered if the Council needed to make a motion to have this item put into the budget as a line item. Mr. Borget explained that there was one-time money in FY2023 that could still be appropriated from the increase. In the FY2024 budget, this property tax increase will be part of the general property tax revenue listed in the budget. Staff offered several other alternatives for how these funds could be allocated. Ms. MacKay asked if Finance staff could prepare an appropriation for those funds. The Council discussed these options further and Mr. Jones and Mr. Borget offered clarification for how this might be handled. The Council intended to ensure this was addressed proactively in the coming year's budget.

5. A discussion regarding the FY24 budget adoption process. (23-008) ([02:24:04](#))

Kelsey Zarbock, Budget Officer, presented. Ms. Zarbock reviewed the categories of things that are addressed slightly differently in the budget ordinance this year. She reviewed the past process and noted that they have added several of the historically agreed-upon carryover categories into the budget, in order to ensure that the Council is supportive of those categories and uses of carryover funds, including equipment maintenance and replacement, ongoing projects, and other expenses (elections, tuition reimbursements, and indigent defense). Councilor Shannon Ellsworth asked if this approach satisfies the intent of the former Council Carryovers Committee. Councilor David Shipley said he understood that this approach (the color-coded chart and the standard categories) satisfied the intent of that committee. Mr. Shipley noted that the full list of carryovers is brought to the full Council. Ms. Zarbock noted they may indicate one-time carryovers (versus carryovers that occur every year) if that information would be helpful.

Ms. Zarbock continued with her presentation. She outlined how the sick leave buy-out process works for City employees. As they have looked back at several years of past budgets, they observed that many departments are not utilizing all the sick leave buy-out. This formula was pretty accurate in the end, although there were several areas in the General Fund that utilized

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more of the sick leave buy-out budget. This new provision in the budget would allow the Administration to reallocate dollars within the General Fund to other General Fund departments. Mr. Shipley asked about the sick leave policy generally and how that works. John Borget, Administrative Services Director, shared details of how the sick leave policy works and how it relates to the sick leave buy-out program.

Ms. Zarbock reviewed the Recreation Facilities Capital Fund and how this fits into the budget. Councilor Katrice MacKay asked if the Council had already authorized this. Ms. Zarbock said this was new to the budget ordinance. Mr. Borget shared some additional comments on the impetus for this section in the budget. Ms. Zarbock explained how the recreation capital facilities fund works with the recreation center, ice sheet, and golf course with the revenues from each.

The last item that is new to this year's budget ordinance is multi-year purchase agreements. This provision would authorize the Mayor to enter into purchase agreements for certain types of purchases which may not become available until a later fiscal year due to supply chain issues. Mr. Borget gave another example of transformers purchased by Provo Power which are sometimes two to three years out for delivery. Councilor Rachel Whipple asked if doing this binds future Councils. Brian Jones, City Attorney, noted that under the current system, the Council were authorizing the contracts and essentially obligating future Councils. It is a challenging situation due to supply chain issues. *Presentation only.*

6. A presentation regarding FY24 supplemental budget requests. (23-008) (02:57:07)

Melia Dayley, Policy Analyst, noted that there were only a few minutes remaining in the scheduled time and several Councilors had a meeting scheduled immediately after this one. Staff indicated these two items could be continued to the Work Meeting on Tuesday, if the Council was amenable to discussing them then. *This item was continued.*

7. A presentation of the FY24 tentative budget and council priorities (23-008) (03:00:32)

This item was continued.

Closed Meeting

The Municipal Council or the Governing Board of the Redevelopment Agency will consider a motion to close the meeting for the purposes of holding a strategy session to discuss pending or reasonably imminent litigation, and/or to discuss the purchase, sale, exchange, or lease of real property, and/or the character, professional competence, or physical or mental health of an individual in conformance with 52-4-204 and 52-4-205 et. seq., Utah Code. *None requested.*

Adjournment

Adjourned by unanimous consent.