

KAYSVILLE CITY COUNCIL
WORK SESSION
February 14, 2025

Minutes of a special Kaysville City Council work session held on Friday, February 14, 2025, at 8:00 a.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, Deputy Finance Director Maryn Nelson, City Recorder Annemarie Plaizier

OPENING

Mayor Tran opened the work session and welcomed everyone present.

REVIEW AND DISCUSSION OF THE TENTATIVE FY 2026 BUDGET

City Manager Jaysen Christensen outlined the timeline for the Fiscal Year 2026 budget process, stating that budget packets would be distributed to department heads the following week, with their requests due in a few weeks. He informed the council that budget work sessions were scheduled for April, with discussions incorporated into council meetings as necessary. The tentative budget was scheduled for adoption on May 15, followed by a public hearing in June. If a Truth in Taxation hearing was required, it would take place in August; otherwise, the final budget adoption was set for June 19. He noted that the current meeting agenda included a financial review by Finance Director Dean Storey, followed by an introduction to the upcoming fiscal year's budget.

Finance Director Dean Storey reviewed the city's financial position, referencing the June 30, 2024, Annual Comprehensive Financial Report. He emphasized the importance of using factual data to assess financial health and directed the council to the audit report. He provided an overview of the balance sheet for governmental funds, including the general fund, capital projects, redevelopment agency, municipal building authority, RAMP (Recreation, Arts, Museums, and Parks), and road funds. He explained fund balances, categorizing them into non-spendable (such as cemetery and library endowments), restricted (impact fees allocated for parks, police, fire, roads, etc.), assigned (funds designated for specific purposes, such as redevelopment), and unassigned (funds available for future use). He stated that Kaysville maintained a strong financial position, with total governmental fund balances reflecting fiscal stability.

Council Member Oaks inquired about the percentage of unassigned fund balance the city aimed to maintain relative to annual revenues. Mr. Storey explained that by law, the general fund balance must remain between 5% and 35% of revenues, with Kaysville currently at the maximum allowable 35%, amounting to \$7.7 million.

Council Member Blackham asked about the implications of exceeding the 35% threshold. Mr. Storey confirmed that exceeding the limit would result in an audit finding. He noted that one method for managing the fund balance was transferring excess funds into the capital projects fund, a practice the city had previously implemented.

Council Member Hunt sought clarification on impact fees, asking whether all impact fees were collected from the same source. Mr. Storey explained that impact fees were allocated based on different activities. He stated that residential developments were charged park impact fees, whereas commercial developments were not.

Council Member Adams asked about the distinction between restricted and non-spendable cemetery perpetual care funds. Mr. Storey explained that non-spendable funds included principal amounts that could not be used, while restricted funds represented earnings available for specific purposes, such as irrigation system improvements at the cemetery.

Mayor Tran and Council Member Blackham discussed the flexibility of transferring funds between the general fund and capital projects. Mr. Storey clarified that general funds could be transferred into capital projects but must be used specifically for capital expenditures. He also highlighted that the city had over \$8.2 million allocated to road funding, though much of it was designated for current-year spending.

Mr. Storey then introduced enterprise funds and directed the council to page 37 of the report. He explained that enterprise funds were presented using net position rather than fund balance. He reviewed unrestricted fund balances for various utilities, noting that the water fund had \$2.6 million, the electric fund had \$7.1 million, and the stormwater fund had \$1.7 million. He also pointed out that restricted impact fees included \$2.2 million in the electric fund earmarked for substation improvements. He stated that non-major enterprise funds, such as sewer, pressure irrigation, and sanitation, primarily consisted of contract services with minimal operational costs.

Council Member Adams asked why the net position for pressure irrigation and sanitation funds appeared unusually high. Mr. Storey explained that these figures largely represented capital assets rather than liquid cash. He directed the council to the cash equivalents section on page 102 of the financial report, where actual cash balances were reflected. He noted that the sanitation fund maintained a strong cash position, giving the city flexibility when considering potential rate increases from the district. He stated that the council could either maintain current rates or reserve funds for future expenditures, such as purchasing a new street sweeper.

Mayor Tran cautioned that waste management circumstances could change significantly in the near future and advised careful financial planning.

Council Member Blackham revisited the discussion on pressure irrigation, questioning why the fund balance appeared substantial despite the city not owning a pressure irrigation system.

Mr. Storey explained that much of this balance was tied up in water shares rather than liquid assets. He stated that these shares were acquired through Weber Basin Water and were required to be turned over to the city as new developments occurred.

Council Member Hunt sought clarification on the role of these water shares, confirming that while

the city owned them, they were used within the secondary water system and remained dependent on Weber Basin's water supply. Mr. Storey affirmed this, explaining that the shares represented the city's ability to access and use secondary water.

Transitioning to financial liabilities, Mr. Storey directed the council to page 65 of the financial report to review outstanding debts. He highlighted the city's long-term obligations, including bonds payable. He reported that the sales tax revenue bond for Pioneer Park had been fully paid off this year, with payments funded through park impact fees. However, lease revenue bonds remained for the City Hall renovation and the police station.

Council Member Oaks reviewed the outstanding bond amounts, noting that as of June 30, 2023, the City Hall bond balance was \$3.2 million, and the police station bond was \$2.8 million. Mr. Storey confirmed that these balances had since decreased. He provided further details, stating that the police station bond carried an interest rate of 1.62% and was scheduled for full repayment by June 1, 2031, while the City Hall bond had an interest rate of 2.14% and was set to be fully repaid by June 1, 2034.

Mr. Storey then discussed additional long-term liabilities, reporting that the fire truck had been fully paid off in Fiscal Year 2025 and that the city had also paid down a portion of its ambulance debt in Fiscal Year 2024. He noted that the only remaining long-term commitment was a lease for a wide-area mower, which was entered into for Fiscal Year 2025.

Council Member Oaks acknowledged the city's financial position, noting that while minor increases in liabilities were expected, the city's long-term debt strategy appeared well managed.

Mr. Storey continued the discussion by highlighting that the city carried no debt within its enterprise funds, an uncommon financial position for a municipality. He explained that while enterprise funds—such as water, power, and storm drainage—generated revenue sufficient to cover operations and potential debt service, the city had opted not to take on debt for these activities. He noted that if the city pursued new projects, such as water line upgrades or operations center improvements, it would be in a strong financial position to issue bonds if necessary.

Council Member Oaks acknowledged that certain projects, including the operations center, had been postponed due to financial caution. Mr. Storey confirmed that because the city had low debt, it would be well-positioned to issue bonds for such improvements if the council chose to proceed.

Council Member Blackham inquired about the preferred financing method for the operations center project, asking whether the city would pursue debt through a Municipal Building Authority (MBA) bond rather than traditional debt. Mr. Storey explained that revenue bonds, commonly used for enterprise fund projects, differed from MBA lease revenue bonds. He stated that a utility revenue bond would likely be the best option for funding an operations center.

Council Member Hunt asked whether funding beyond power revenue could support the operations center. Mr. Storey recommended issuing revenue bonds backed by multiple enterprise fund activities housed in the facility, specifically water and power.

Council Member Oaks inquired about the impact of using a portion of enterprise funds for the project. Mr. Storey explained that utilizing cash reserves could reduce the bond amount, thereby

lowering long-term debt obligations.

Council Member Adams suggested an alternative approach—fully bonding for the project but using available funds to make payments over time. Mr. Storey noted that this method would allow the city to maintain liquidity while spreading capital costs over multiple years.

Shifting to operational finances, Mr. Storey reviewed the composition of governmental funds, stating that the general fund accounted for 64% of the city's financial structure, while the road fund comprised approximately 26%. He noted that other funds, including the American Rescue Plan Act (ARPA) funds, were still present but would phase out in the coming years. He reviewed the road fund's revenue sources, which included active transportation funds, Class C funds, a road utility fee, and intergovernmental revenues.

Directing the council to page 35 of the financial report, Mr. Storey provided a mid-year financial overview, showing revenue and expenditure trends. He reported that for Fiscal Year 2024, the general fund had generated \$22 million in revenue while incurring \$21.8 million in expenditures, resulting in a net increase of \$22,000 to the fund balance. He highlighted that one of the most significant financial differences this year was investment earnings, with the general fund generating approximately \$800,000 in interest and total investment earnings across all funds reaching \$1.6 million.

Mr. Storey noted that investment earnings had improved significantly due to higher interest rates. He stated that two years ago, the city had earned only 30 basis points (0.3%) on investments, whereas current rates were approximately 5%. He explained that the city pooled its cash resources and invested them primarily in the Public Treasury Investment Fund, money markets, and certificates of deposit (CDs), while adhering to municipal investment restrictions.

Mayor Tran asked for clarification on whether investment earnings were kept in the same financial pool. Mr. Storey confirmed that all cash balances were pooled before being invested. He directed the council's attention to the bottom of the financial report on page 35, where beginning and ending fund balances for the fiscal year were displayed. He noted that in each case, fund balances had either remained stable or increased.

Council Member Adams remarked that investment earnings could serve as a potential revenue source for capital projects.

Mr. Storey directed the council to page 83 of the financial report to review revenue and expenditure comparisons against budgeted projections. He noted that building permit revenues had significantly underperformed, with only \$300,000 collected against the estimated \$600,000. He attributed this shortfall to high interest rates, which had slowed development. However, he pointed out that these same high interest rates had contributed to increased investment earnings, generating additional revenue for the city.

Council Member Blackham observed that burial fees and cemetery lot sales appeared to be operating at a loss. Council Member Oaks referenced a prior statement by the Parks and Recreation Director confirming this issue. In response, Council Member Blackham suggested that the city consider adjusting cemetery fees.

Mr. Storey then transitioned to enterprise fund operations, providing an overview of revenues, expenses, and operating income. He noted that each utility fund had experienced an operating loss. Council Member Adams asked for clarification, and Mr. Storey explained that while enterprise funds appeared financially strong in terms of overall fund balances, operating revenues were not fully covering expenses. He clarified that this assessment was based on operating costs alone and did not factor in non-operating revenues such as investment earnings.

Council Member Blackham observed that revenue figures appeared to significantly exceed expenses, raising questions about the necessity of future rate increases. Mr. Storey explained that while these figures included gross revenue, they did not account for all operating costs. He also noted that investment earnings had helped offset some financial losses. However, he cautioned that despite this additional revenue, utility rates might not be sufficient to cover long-term operating expenses.

Council Member Oaks inquired about a \$7.4 million entry under treatment and service charges, seeking clarification on whether it was related to sewer operations. Mr. Storey confirmed that the amount was associated with contracted sewer services, explaining that the city paid external providers for sewer treatment while collecting revenue from residents to cover those costs.

Mr. Storey directed the council's attention to the cash flow statement, emphasizing its importance in evaluating financial health. He pointed out the net increase or decrease in cash, noting that capital asset acquisitions had reduced the electric fund's overall cash position by \$560,000.

Council Member Blackham asked whether this decrease was due to a one-time purchase, such as transformer acquisitions, and whether similar expenses were anticipated in the next fiscal year. Mr. Storey confirmed that ongoing capital investments, including substation improvements, were planned for Fiscal Year 2025.

Council Member Oaks reflected on the financial position of capital projects, particularly power substation investments. He noted that the city's financial position was better than expected. Mr. Storey agreed, stating that higher-than-expected interest earnings had also contributed positively.

Concluding this section of the financial review, Mr. Storey reiterated that the data presented reflected a retrospective analysis of the city's financial position as of June 30, 2024. He then transitioned the discussion toward Fiscal Year 2025 projections. He briefly introduced an interim financial report summary for Fiscal Year 2025, explaining that it consolidated monthly financial data into a high-level overview. He noted that the general fund was operating within budget expectations and pointed out highlighted sections in the report that reflected planned fund balance allocations, indicating where the city had previously designated funds for the current fiscal year.

Shifting to sales tax revenue, Mr. Storey identified trends in Fiscal Year 2025 and cautioned that the city might not reach previous revenue levels or meet budgeted projections. He noted that while sales tax had experienced steady year-over-year increases in previous years, the current fiscal year's growth appeared stagnant. He referenced state-level economic projections, explaining that the Utah State Tax Commission had forecasted only a 1.5% sales tax growth rate, a concern also discussed among state legislators.

Council Member Hunt inquired about the city's approach to estimating sales tax revenue in the

budget and asked whether conservative estimates were typically used. Mr. Storey confirmed that the city generally budgeted cautiously to allow for flexibility.

Council Member Blackham noted that sales tax revenue had historically been used for one-time expenditures. Mr. Storey clarified that sales tax revenue served as a primary funding source for ongoing core city services.

Council Member Oaks observed that November sales tax collections had been significantly lower than in prior years, while July, September, and October had exceeded expectations.

Mayor Tran speculated that consumer behavior might have shifted, with more people shopping in-person rather than online.

Council Member Hunt suggested that inflation likely played a role, making November a financially difficult month for many families.

City Manager Jaysen Christensen asked whether sales tax revenues were recorded based on the month of actual spending or the collection date. Mr. Storey confirmed that the reported numbers reflected actual monthly spending rather than delayed collections.

The discussion then turned to property tax rates. Mr. Storey presented a chart comparing Kaysville's tax rate with neighboring cities, noting that Farmington, Woods Cross, and Syracuse had all increased property taxes in the previous year.

Council Member Blackham explained that Bountiful transferred funds from its power utility into its general fund, a practice that helped sustain city operations without direct tax increases.

Council Member Jackson asked whether this transfer made a significant financial difference. Mayor Tran explained that it was a built-in financial strategy that did not require an annual vote for approval.

Mr. Storey presented an example illustrating the potential impact of a property tax increase in Kaysville. He explained that a \$500,000 increase in revenue would result in a 9% tax rate increase for a \$650,000 home, equating to approximately \$4 per month. Council members analyzed the data and compared the proposed rate with those of surrounding cities.

Council Member Blackham observed that while the city's financial position appeared stable, enterprise funds seemed to be underfunded.

Mr. Storey responded that further budget review was necessary before drawing conclusions but acknowledged that utility rates remained a primary concern. Council Member Blackham agreed, stating that his initial impression was that the general fund appeared to be in good shape, but enterprise funds might require adjustments. Other council members echoed concerns about balancing general fund needs with utility rate considerations.

Mr. Storey clarified that the tax rate scenarios presented were not formal recommendations but illustrative examples for discussion. Maryn Nelson suggested that maintaining the current tax rate, rather than lowering it in response to property valuation increases, could be an option for sustaining

revenue growth.

Mr. Storey concluded his presentation on the Fiscal Year 2025 financial outlook and transitioned the discussion toward planning for Fiscal Year 2026.

City Manager Jaysen Christensen introduced the next phase of budget discussions, focusing on capital projects and operations. He referenced the Waterworth model, a financial analysis tool contracted to assist in evaluating future enterprise fund needs, particularly in water and power. He reiterated that Kaysville's mission was to provide efficient, equitable, and effective services, and the Waterworth model was intended to support long-term financial planning.

Mr. Christensen outlined key budget objectives, emphasizing the importance of operations, employees, capital investments, and infrastructure. He noted that while recent work sessions had focused on capital projects, further discussion was needed regarding employees and operations, as personnel costs comprised the majority of the city's operating budget.

Mr. Christensen reviewed the city's capital asset listing, highlighting ongoing and upcoming projects. He noted that fire station improvements, considered as an alternative to constructing a new station, had been included as a placeholder in previous budgets and required further discussion. Several projects, including a restroom door locking system for city parks, had been deferred to the next fiscal year. He also stated that the Municipal Building Authority (MBA) fund would continue servicing existing debt, with bonds for the police station and city hall set for retirement in 2031 and 2034, respectively. Additionally, he mentioned that the underground oil tank replacement project might be eliminated in favor of an above-ground alternative, which could reduce costs.

Mr. Christensen revisited the long-term improvement plan for the Operations Center. He explained that the city had initially allocated \$100,000 per year for incremental upgrades, including roof repairs and restroom renovations. However, in an October meeting last year, the council had decided to pause these expenditures while reassessing the overall project approach. Instead of a large-scale \$36–\$39 million rebuild, the city was exploring alternative options, with \$4.5 million currently designated for expansion.

Council Member Oaks inquired about progress on these plans. Mr. Christensen reported that recent walkthroughs had taken place, though some delays had occurred due to staffing turnover at the consulting firm. He stated that budget projections for the project were expected soon.

Mr. Christensen then provided an update on the library renovation project, noting that the same consulting firm was conducting an assessment. The city expected to receive proposals outlining three potential approaches: a baseline renovation, a high-end option, and a middle-tier alternative. He stated that the city had budgeted \$2.5 million as a placeholder for necessary seismic and structural improvements. He also mentioned that the city planned to meet with Gilmore Bell, a public finance bond counsel, to explore financing options, including potential historical preservation credits.

Council Member Adams asked whether future uses of the library building would generate revenue.

Council Member Oaks speculated that rental space was one of the few viable future uses, leading

him to question the necessity of the project.

Mayor Tran stated that community investment was important, as it encouraged surrounding property owners to invest in their own infrastructure as well.

Council Member Blackham expressed that his priority was the Kaysville Junior High gymnasium project, which he believed provided greater public value than the library renovation.

Council Member Jackson discussed potential limitations of historical preservation credits, noting that such funding could require strict adherence to original building specifications, potentially restricting future use.

Mr. Christensen confirmed that the city had allocated \$7 million as a placeholder for the gymnasium project.

Council Member Adams expressed surprise, recalling an earlier estimate of \$4 million.

Mr. Christensen explained that recent discussions with the Davis School District indicated that similar projects in other cities had ranged from \$7–\$9 million. He stated that the district was moving forward with its portion of the project and expected construction to begin in the fall.

The discussion shifted to other capital projects, including the Angel Street Soccer Complex. Mr. Christensen reported that \$300,000 had been allocated for new playground equipment, which was expected to be installed by March. He also provided an update on Wilderness Park Trail improvements, stating that the project remained on schedule. Regarding Trappers Field, he noted that the design phase had been completed, but the city needed to determine when it could afford to proceed with construction.

Council Member Blackham asked when development restrictions on the land would be lifted. Mr. Christensen estimated that the restrictions would remain in place until approximately 2030–2031.

Council Member Adams suggested a phased approach to Trappers Field, noting that the city had installed sod in the park area to the south of the project, which had improved the appearance of this key entryway to the city.

Council Member Hunt supported the phased approach but emphasized the importance of communicating the city's long-term vision to residents. She expressed concern that if only grass was added, residents might assume the city had abandoned plans for a park.

Mr. Christensen confirmed that the Trappers Field site had originally been maintained by a homeowners association, but the city had since purchased the property. He noted that the Parks Department had been requesting additional staffing support due to its increasing responsibilities.

Mr. Christensen then reviewed additional capital projects, beginning with landscaping improvements at City Hall. He stated that the project, which included planting shrubs, trees, and possibly installing a table along the east side of the parking lot, had already been funded and was expected to be completed by spring.

Council Member Hunt suggested that additional parking be considered as part of the improvements.

Mr. Christensen provided an update on the cemetery memorial garden project, explaining that while it had originally been planned for the current year, it would be officially budgeted for the next fiscal year. He then discussed the West Davis Corridor Trail enhancements, stating that the city had secured \$630,000 from UDOT for the project. However, delays in the process had slowed progress, and while the project was moving forward, it was unlikely to be completed within the current fiscal year. He also mentioned that Cole was working with engineers to design trailhead improvements for the area.

Council Member Blackham questioned the necessity of replacing all park lights at once as part of the park lighting upgrade project. He suggested phasing in LED light replacements rather than replacing fully functional lights immediately. Mr. Christensen agreed to explore a phased approach.

Mr. Christensen confirmed that the Pioneer Park bond would be retired this year. He also reported that the cemetery perpetual fund had been used to replace aging irrigation lines at the cemetery, with work scheduled for completion by May 1. Additionally, he provided an update on the Rail Trail Trailhead restroom and parking construction off Webb Lane, stating that pre-construction meetings had been held and work was expected to begin in March, with completion targeted for June. He also noted that a digital sign for Barnes Park was scheduled for installation by April.

The discussion then shifted to major road projects. Mr. Christensen reported that improvements to 200 North were well underway, with \$3.6 million allocated for the current fiscal year and \$3.2 million for the following year. He clarified that these funds represented Kaysville's share of the project, with matching grants covering the remaining portion of the estimated \$14 million total cost.

Council Member Blackham emphasized the importance of clarifying the city's financial contribution when responding to residents' inquiries about the project's total cost.

Other road projects included Crestwood Road, which remained in the design and engineering phase. Mr. Christensen also noted that the Main Street diagonal parking improvements, including bulb-outs, had been well received and frequently used by visitors to local businesses, particularly the theater.

Mr. Christensen provided a brief update on stormwater projects, stating that additional information would be available once department reports were received. He also confirmed that the fiber infrastructure project was nearly complete and had been highly successful.

Council Member Oaks praised the fiber project, stating that residents now had multiple provider options and significantly improved service.

Mr. Christensen added that city facilities, including parks and water tanks, had also been connected to fiber, improving internal operations.

Shifting focus to the Angel Street connector road, Mr. Christensen described it as a major project expected to cost between \$4 million and \$5 million. He explained that while most of the design work was complete, no dedicated funding source had been identified. Symphony Homes, the developer of a project to the south of Angel Street, north of the Sewer District property, was not expected to fully fund the road construction as part of its development. Additionally, impact fees could not be used, as half of the roadway's west side belonged to the Sewer District, which would not be developed.

Council Member Adams suggested that Symphony Homes leverage its influence at the state level to secure funding, arguing that since the state had already funded the first half of the road, it should contribute to completing the remainder.

Mr. Christensen noted that the city had recently met with federal lobbyist Adam Gardner, who worked closely with Congressman Blake Moore's office. He stated that securing a federal earmark for the Angel Street connector road was a strong possibility, with potential funding of up to \$5 million.

Council Member Blackham expressed concern over the city's role in road development, emphasizing that Kaysville does not typically fund road construction for private developments. He argued that Symphony Homes should be responsible for at least its portion of the curb, gutter, and asphalt and that the Sewer District should contribute to improvements on its side of the road. He cautioned against the city allocating funds simply because a developer stood to profit.

Council Member Jackson suggested a middle-ground approach, stating that investing in the road could help attract desired developments.

Other council members disagreed, stating that road construction costs were traditionally the responsibility of developers in their projects.

Mr. Christensen reiterated that the city lacked the necessary funds to complete the Angel Street connection. He recommended continuing discussions with Symphony Homes to clarify expectations.

Council Member Adams proposed structuring the lobbyist agreement so that Symphony Homes would cover the cost of hiring Adam Gardner if the federal funding request was successful. He suggested that the city approach Symphony Homes with an offer to split costs or reimburse the city if grant money was secured.

Mayor Tran noted that while hiring a lobbyist could be costly, past lobbying efforts had successfully secured \$2 million in grant funding. She explained that the city had reduced expenses in other areas, including eliminating its membership with EDC Utah and opting not to attend economic development and national constituency conferences, to offset potential lobbying costs.

Mr. Christensen indicated that the city would continue discussions with Symphony Homes and provide updates to the council. He stressed the importance of moving forward quickly since federal funding requests were due by March.

Mayor Tran added that while federal funding programs were currently on pause, positioning Kaysville as an early applicant would increase its likelihood of securing funds when they became available.

Council Member Jackson expressed skepticism about the near-term availability of federal funds but agreed that preparing in advance was beneficial.

The discussion concluded with an agreement to revisit the topic at the next council meeting, with updates on potential contributions from Symphony Homes and federal funding opportunities.

Mr. Christensen then provided an update on major power infrastructure projects. He confirmed that the Schick Substation transformer project was on track for completion within the year and that work was beginning on the Burton Substation transformer. He thanked the council for approving an expedited timeline for the Burton transformer pad and surrounding work, which had allowed the city to capitalize on cost savings by utilizing the same contractors.

Council Member Hunt commended the Power Department for its ongoing efforts, particularly improvements in the King Clarion area. She noted that the rebuild project had significantly strengthened the city's power infrastructure, with crews rebuilding powerlines in difficult-to-access areas.

Council Member Jackson suggested that these improvements be highlighted in future public communications to help residents understand the investments being made in the city's power grid.

Mr. Christensen then discussed upcoming equipment purchases, noting several large expenditures. One of the key projects was the phased replacement of in-car and body cameras for the police department. He explained that the city had begun replacing outdated Motorola cameras over a year ago because the company no longer supported the old models. The replacement process was scheduled over a four-to-five-year period, with incremental spending each year. He also noted that \$90,000 had been allocated for network switch replacements for the information systems department. While he had not recently checked on the project's status, he believed it was either completed or nearing completion.

A significant funding adjustment was required for a bucket truck replacement under the Power Fund. Mr. Christensen explained that the city had originally planned to purchase a new bucket truck in Fiscal Year 2026. However, a recent service review had revealed serious safety concerns with the current vehicle, including loose bucket components. Given the safety risks and the truck's age, the administration intended to move the purchase up to the current fiscal year.

Council Member Blackham requested that when the funding request was formally presented to the council, staff should clearly outline the source of funds. He asked for a breakdown indicating whether the funds would come from an existing balance, fund transfers, or deferred expenses. He emphasized that transparency in funding sources would make the request easier to evaluate and approve.

Council Member Oaks confirmed that the purchase would be funded through the Enterprise Fund. Mr. Christensen assured the council that staff would present a clear financial breakdown when bringing the request forward, likely at the next council meeting on February 20.

Council Member Adams requested a break at 9:44 a.m., and the council agreed.

The city council reconvened the meeting at 9:55 a.m.

City Manager Jaysen Christensen introduced the Waterworth financial modeling tool, which would continue to be used in future work sessions to assess water and power utility rates. He presented a preliminary snapshot of the model's output, showing that by Fiscal Year 2026–2027, projected operating expenses for the water utility would exceed revenue. The city's fund balance was expected to decline significantly, falling below the preferred threshold by 2034 and reaching depletion by 2036. When factoring in capital expenditures, the financial outlook worsened. Mr. Christensen emphasized the need for future rate increases to sustain operating and capital costs. He noted that while the city currently carried no debt in enterprise funds, bonding might be necessary for costly water line replacements to maintain reliable service. He explained that the Waterworth tool would allow the council to model different rate adjustments in real-time to make informed financial decisions.

Council Member Oaks asked whether the projected capital expenditures were already planned. Mr. Christensen confirmed that the figures were based on the capital asset listing but would continue to evolve as new projects were identified. He expressed confidence that the Waterworth model would be a valuable planning tool for the city.

Deputy Finance Director Maryn Nelson added that the financial model also accounted for increasing operational and maintenance costs, including inflation-related expenses.

Mr. Christensen then turned to personnel costs, beginning with health insurance. He reported that the city's loss ratio had risen substantially, meaning that claims had exceeded premiums collected. Due to several large claims, the city anticipated at least a 10% increase in health insurance costs for the upcoming fiscal year.

He then presented an overview of employee compensation trends. The recommended cost-of-living adjustment (COLA) was 2.9%, aligning with the Utah Retirement System (URS) and the Consumer Price Index (CPI). He explained that maintaining a COLA helped ensure the city remained competitive with peer municipalities and prevented employee salaries from falling behind market rates.

The discussion shifted to merit-based increases, with Council Member Oaks raising concerns about the cumulative impact of both COLA and merit raises. He stated that the city had historically provided a 3% merit increase for eligible employees, meaning that with a 2.9% COLA, most employees could receive a total pay increase of approximately 6% in the next fiscal year.

Council Member Blackham expressed concern that across-the-board raises disproportionately benefited higher-paid employees, widening the pay gap. He suggested a targeted approach in which lower-paid employees received larger percentage increases to bring them closer to the median.

Council Member Oaks voiced strong opposition to maintaining a 6% total increase and advocated for a lower COLA in the range of 1% to 1.5% while keeping the merit increase unchanged. He

noted that private-sector companies and federal agencies did not typically provide such high annual increases.

Council Members Adams and Hunt supported a COLA around 2.5%, with additional funds allocated to adjust the salaries of employees significantly below market rates. Council Member Adams noted that firefighter compensation had been negatively impacted by aggressive hiring efforts in other cities, such as Syracuse, which had recently hired 18 firefighters at higher-than-average salaries.

Mr. Christensen acknowledged that compensation fluctuations were driven by external market forces, particularly for police and fire positions. He explained that some cities deliberately set wages in the 75th to 90th percentile to attract top talent, which creates pressure for neighboring cities to follow suit. However, he noted that Kaysville had historically targeted a mid-market compensation strategy rather than aiming to be the highest-paying municipality. He cautioned that if the city failed to keep pace with other municipalities, its salaries could gradually fall behind, making recruitment and retention more difficult.

Council Member Oaks expressed frustration that cities did not coordinate salary decisions, leading to an ongoing cycle of wage increases.

Mayor Tran noted that while informal discussions with other mayors had taken place, coordinated wage-setting could be viewed as collusion and was legally questionable.

The council also discussed whether the city's compensation structure should cap salaries after a certain number of years. Mr. Christensen explained that Kaysville had previously used a step system, allowing employees to predictably reach the top of their salary range within a set timeframe. Under the current merit-based system, the timeline for reaching maximum pay was more flexible. He noted that most cities targeted a 10-year progression to full salary and warned that reducing merit increases could significantly delay employees from reaching their full earning potential.

Council Member Blackham reiterated that salary adjustments should be more targeted rather than applied uniformly across all employees. He suggested that instead of raising all police officer salaries by the same percentage, the city should prioritize bringing lower-paid officers up more quickly while slowing increases for higher earners.

Maryn Nelson stated that the council needed to identify its compensation priorities so the information could be included in the proposed budget for department heads the following week.

The preliminary consensus from the council was to implement a 2.5% COLA (with Council Member Oaks preferring 1.5%), maintain a 3% merit increase, adjust salaries for positions significantly below market (particularly in fire and paramedics), and keep overall salaries within 5% of the market median.

Council Member Oaks maintained opposition to a 6% total increase and stated he would vote against it. He preferred a maximum total pay adjustment of 3.5% to 4%. Ms. Nelson agreed to present multiple budget scenarios, including COLA at 1.5% and 2.5%, along with cost projections for bringing all employees within 5% of market averages.

Mr. Christensen emphasized that compensation decisions impacted the city's ability to recruit and retain employees. He noted that if salaries fell below market rates, hiring qualified candidates would become increasingly difficult, particularly for essential services like police and fire. Conversely, he cautioned that raising wages too aggressively could strain the budget and place a higher financial burden on taxpayers.

The discussion ended with a request for additional data on pay trends in peer cities, particularly for firefighter and paramedic salaries, before finalizing the budget recommendations.

Mr. Christensen then presented a list of staff positions that had been requested over multiple years. While the current budget did not allow for hiring all 15 requested positions, he aimed to prioritize which roles were most critical, as discussed in the work session earlier in the month. He noted that no new positions had been funded in recent years, leading to a backlog of staffing needs across various departments.

Council Member Adams inquired whether department heads had been consulted about the presented staffing requests prior to the meeting. City Manager Jaysen Christensen confirmed that he had met with department heads and identified priority positions for consideration. He stated that his goal was to prioritize the most critical roles that could be funded within the city's financial constraints.

Mr. Christensen first recommended funding two restructured positions in Public Works and Power that would be budget neutral. The first position was a Maintenance Worker in the Water Department to focus on federal water quality testing and compliance, ensuring proper sampling and monitoring. Currently, multiple employees from different divisions within Public Works handled these tasks on an ad hoc basis. To fund this position, the city would eliminate a locator position responsible for utility marking, as the workload for this role had decreased.

The second restructured position was a Metered Technician in the Power Department. With the upcoming retirement of Bruce Rigby, this role would be created by not replacing his position and instead shifting responsibilities. The technician would maintain and calibrate power meters to prevent revenue loss due to misreadings. Mr. Christensen stated that this transition would generate a net savings for the city.

Mr. Christensen sought council approval to proceed with notifying the affected employee about the eliminated locator position, emphasizing the importance of giving them time to transition to another job. He also noted that UAMPS currently paid the city \$30,000 per year for a representative. The city intended to retain Bruce Rigby in this role for a few more years, but instead of being a city employee, he would be paid directly by UAMPS. This arrangement would allow the Power Director additional time to familiarize himself with the responsibilities of the UAMPS representative position before assuming the role in the future.

Mr. Christensen identified the Assistant City Attorney as the number one priority for a new full-time hire for the year. He explained that the current city attorney, Nic Mills, was handling 3,500 cases alone, significantly more than comparable cities. Hiring an assistant attorney would allow the city to take on Class A misdemeanors currently handled by the county. Mr. Christensen noted that some administrative staff and police officers had expressed frustration that county prosecutors

were not aggressively pursuing cases, often dismissing cases prepared by local law enforcement. Bringing prosecution in-house could ensure that cases were pursued more effectively.

Some council members questioned whether contracting prosecution services would be a more cost-effective alternative. Mr. Christensen acknowledged that contracting would be cheaper annually but would not provide the same level of service as a full-time attorney. Additionally, a county judge had cautioned against contracting prosecution services, stating that contract prosecutors often prioritized efficiency over thorough case review, potentially leading to premature case dismissals.

Mr. Christensen also noted that hiring an assistant city attorney would improve legal support for city departments, including planning, personnel, and policy work. It would also ensure legal presence at Planning Commission meetings and city staff meetings, which was common in other cities but not currently done in Kaysville. Additionally, the assistant attorney would assist in updating outdated city policies. Mr. Christensen emphasized that department heads had reached a consensus that this position was essential.

Maryn Nelson added that approving the assistant city attorney position would eliminate the need for a part-time law clerk, partially offsetting the cost.

The council then discussed a longstanding request for a Deputy Fire Chief. Mr. Christensen stated that Fire Chief Paul Erickson had advocated for this position for seven years, citing high administrative workload and lack of leadership coverage when he was unavailable. Unlike neighboring cities where battalion chiefs, fire marshals, or deputy chiefs assisted with administration, Chief Erickson managed all administrative tasks alone. He originally worked 80 to 90 hours per week, though this had been reduced to approximately 60 hours.

Mayor Tran and Council Member Adams explored hybrid solutions, such as elevating a captain into a deputy role without increasing overall firefighter staffing. Another option discussed was combining the Deputy Fire Chief and Fire Marshal positions. Some council members pointed out that current captains rotated administrative responsibilities, but it was noted that captains only worked two days at a time on rotating shifts, whereas a deputy chief would provide consistent full-time administrative support.

While several council members recognized the need for a Deputy Fire Chief, some suggested postponing the position until a second fire station was constructed. Others noted that Farmington and Layton were building new fire stations, which could provide additional regional coverage and reduce Kaysville's immediate need for additional staffing.

Mr. Christensen then addressed concerns from Police Chief Sol Oberg regarding limited supervisory coverage in the patrol division. Currently, only two sergeants oversee patrol operations, covering just 80 out of 186 weekly patrol hours, meaning officers often worked without direct supervision. The department have requested two additional police sergeants to provide 24/7 supervisory coverage and reduce liability risks, particularly for less-experienced officers handling complex situations.

Some council members asked whether existing detective sergeants could be reassigned rather than hiring additional personnel. Others requested a comparison of Kaysville's police staffing levels

with neighboring cities, noting that Farmington had six sergeants, four of whom were dedicated to patrol, whereas Kaysville had five sergeants but only two assigned to patrol duties.

Mr. Christensen agreed to gather additional data from the police department before the next discussion, including sworn officer counts and how other cities allocated their sergeants.

Council Member Blackham reiterated that he believed the city should approve only one full-time new hire per year and asked Mr. Christensen to determine which single position was the most urgent.

Mayor Tran countered that recent hiring freezes had created a backlog of staffing needs that should be addressed.

Mr. Christensen emphasized that while reallocating existing positions had helped, some positions were now critical for operational efficiency and risk reduction.

The work session concluded with a discussion of next steps. Mr. Christensen stated that department heads would submit their budget requests in the coming weeks, and additional work sessions would be scheduled to review proposals. He also planned to conduct further research on staffing levels in comparable cities and alternative prosecution models. No additional work session was planned for the next regular council meeting, but further discussions would be scheduled as more data became available.

The meeting ended with Mayor Tran thanking the council and staff for their work in preparing the budget discussions.

The meeting adjourned at 11:28 a.m.