

Davis County Budget Committee

Meeting Minutes

September 15, 2025

The Budget Committee of Davis County met on September 15, 2025, at 8:30 p.m. in room 306 of the Davis County Administration Building, 61 South Main Street, Farmington, UT. Notice of this meeting was given under the requirements of Utah Code Annotated §52-4-202.

Disclaimer: The meeting was an open dialogue. Agenda items appear in bold and are only briefly summarized. The reader may refer to the audio recording and the attachments for further content clarification. Timestamps have been noted in the minutes to facilitate locating discussion points in the audio recording. The audio recording is available based on the County's current retention schedule.

Note: The Budget Committee is not a governing body but makes recommendations. These recommendations must then go through the Commission for formal action.

The meeting commenced at 8:33 a.m.

Opening Roll Call

Committee members present were Scott Parke, Controller; Commissioner John Crofts; Commissioner Lorene Kamalu; Commissioner Bob Stevenson; Chris Bone, Human Resources Director; and Jeff Hassett, Information Systems Director. Shairise Bills, Deputy Controller, recorded the minutes of the meeting. Other staff present were: Cindi Garrick, Finance Manager; Ric Higbee, HR Deputy Director; Marina Brito, Comp & Class Analyst; Dawn Tolson, Benefits Administrator; Mindy Adams, HR Business Partner; Josh Johnson, Library Director; Dakota Wurth, Chief Deputy Recorder; and Brian McKenzie, Clerk. There was no public attendance.

Approval of Budget Meeting Minutes for August 11, 2025, and September 3, 2025 (Audio Recording Part 1-Minute 00:33)

The Committee voted to approve, contingent upon a correction to the August 11th minutes proposed by Jeff to remove "and software" from a line item related to the new IT allocation for hardware. He explained that software is either directly billed to departments or centrally billed separately. The vote call was as follows:

MEMBER	MOTIONED	SECONDED	AYE	NAY	ABSENT	ABSTAIN
Commissioner Crofts		X	X			
Commissioner Kamalu			X			
Commissioner Stevenson	X		X			
Scott Parke			X			
Jeff Hassett			X			
Chris Bone			X			

Before delving into the budget amendments, Scott briefly mentioned that he had asked Shairise Bills to use AI to help with the meeting minutes. Bills provided an overview of her experience using the Gemini AI platform. (*Audio Recording Part 1-Minute 02:02*)

- **Process:** She explained that due to file size limitations, she had to cut the audio file in half to upload it. She found that the AI produced better results when she provided additional context, such as the meeting agenda and a sample of previous minutes to pattern itself after. The AI was even able to recognize individual voices over time.
- **Efficiency:** The AI significantly reduced the time it took to create the minutes. Bills stated that a standard set of minutes for this type of meeting would take her approximately six days to complete. Using the AI, she completed two sets of minutes in less than seven hours.
- **Limitations:** The AI's output was noted to be imperfect and required human review and editing for accuracy. She specifically mentioned that the AI got some names slightly wrong and was not very specific on certain details.

Scott said the reason for bringing this information was not to say AI would be taking away jobs, but to show there are ways to be more efficient in the jobs we do by utilizing technology and tools without using more resources. Reframing the focus to do more with less may be necessary as difficult discussions are had during the budget process.

Amendments to the 2025 Capital and Operations Budget— Presented by Scott Parke, County Controller (*Audio Recording Part 1-Minute 10:09*)

Scott presented a few amendments to the 2025 budget.

- **Sales Tax Bond for the Library:** Funding to pay the first year's interest on the recently approved Sales Tax Bond for the Library. The funding would come from the Library's budget and be transferred to the Debt Service account.
- **West Davis Corridor:** An amendment to include \$10 million in Corridor Preservation Funds for the West Davis Corridor in the authorized budget. The funds had previously been approved in a meeting where the Commissioners signed a letter of recommendation for the use of the money, but it was not formally put into the budget. The Commissioners confirmed they had discussed this and approved the request.
- **Surveyor's Budget:** A one-time transfer of funds from the Controller's Office budget to the Surveyor's budget was requested to cover a shortfall for the remainder of the year.
- **Accounting Correction:** An accounting change to reclassify inmate expenses from "transfers" to "expenditures" in the appropriate funds. This change ensures proper reporting and prevents misclassification of expenses, providing greater visibility into how the funds are utilized. The change does not affect the total amount spent.

- **Legal Defender's Budget:** A request for additional funding for the Legal Defender's Office for the remainder of 2025. The request included \$52,000 for contract attorneys and a one-time infusion of \$100,000 to cover an increase in the number of appeals. This brought up a discussion about the challenge of funding these constitutionally required services, especially since legal defense for indigent individuals is a County responsibility. Commissioner Stevenson raised the question of whether the County could delay these cases until funding is available, but this was deemed impossible as the courts set trial dates. The group also discussed the possibility of budgeting more proactively for these costs in the future, even if it means potentially allocating more than is necessary to avoid returning for budget amendments.

Next Steps

The amendments presented by Controller Park, including the Legal Defender's request, will be placed on a public hearing agenda for the next budget opening.

(See Attachment A.)

State of Davis County Finances—Presented by Scott Parke, County Controller (Audio Recording Part 1-Minute 26:51)

Scott presented the State of Davis County's Finances, focusing on the upcoming 2026 operating and capital budgets. He provided an overview of the general economy, County spending, and revenue projections.

- **General Economy**

The presentation included charts showing the 12-month percent changes in the Employment Cost Index (ECI) for both the Mountain Region and the United States. The cost of employing employees has been increasing since 2022, and in 2025, it is projected to be about a 3.5% year-over-year increase. Scott noted that unemployment rates for Davis County were at 3.3% in July 2024 and 3.2% in July 2025, which is considered very low. He mentioned that they recently had a considerable number of qualified applicants for an open fleet manager position.

- **County Spending**

A significant portion of the General Fund expenditures is allocated to personnel. Approximately 68% of the General Fund is allocated to costs related to personnel, including wages and benefits. The remaining expenditures are allocated as follows: Operating Expenses (20%), Allocations and Capital (10%), and other costs (2.5%).

Scott presented a slide from the Utah Taxpayers Association showing that Davis County has a relatively low "cost of government per capita" and a low "revenue per \$1,000 of citizen income" compared to other counties. In 2024, the cost per resident was \$550.90. He highlighted that Utah County, which had a lower per-capita cost in 2024 (\$524.85), recently raised its taxes by 48%, which will make its per capita cost closer to Weber County's (\$763.46).

- **General Fund Available Funding**

The projected operating deficit for 2026 is approximately \$13.2 million. This is due to a combination of factors, including a budgeted operating deficit of \$11.7 million, a 4% increase for COLA/Merit, an 11% increase in health insurance costs, and some SLFRF funding for ongoing expenses. Scott noted that anticipated new tax revenue from property and sales taxes would only amount to about \$2.1 million. When combined with any payroll budgetary savings, it would not be enough to cover the deficit, and the General Fund balance cannot sustain the County's current level of service. It would require an adjustment to the revenue or expense side, or a combination of both.

Working with HR, Scott presented four recommendations to address the budget deficit:

- **Recommendation #1: Establish a Termination Pool.** This would involve using one-time interest earnings of \$1 million to create an insurance-style fund for retirement and sick leave payouts. This would allow departments to have more accurate and tighter budgets by removing these unpredictable costs from their individual budgets.
- **Recommendation #2: Phase out OPEB and Sick Leave Payout.** The proposal suggests grandfathering sick leave as of December 31, 2025. Any new sick leave accrued after that date would not be paid out upon termination. Similarly, health insurance benefits for retirees would be phased out for those retiring after January 1, 2036. This would reduce the County's long-term liability and would grow to a savings of over \$500,000 per year.
- **Recommendation #3: Offer Personal Leave.** This recommendation suggests offering two to three days of personal time off per year to compensate for the reduction in benefits. This time would not accrue or be paid out upon separation.
- **Recommendation #4: Change the Compensation Plan.** This recommendation proposes a new compensation plan that would reduce the merit increase from 3.5% to 2.5% and the 401K match from 4% to 2%. A 3% COLA would offset these changes to employees. This would be more valuable for employees on the front end, particularly in terms of retirement, and reduce the number of positions at below-market rates, which would help with retention.

Truth in Taxation Public Hearing

The public hearing for the budget and any potential tax increases is scheduled for December 2 at 6:00 p.m. It was stressed that this meeting must be the last item on the agenda and must allow for online participation, not just viewing. Scott mentioned that other entities have recently had their tax increases disallowed because of non-compliance with these rules. The Commissioners plan to hold several open houses during November to inform the public and address their budget questions before the official public hearing.

(See Attachments B and C.)

State of Davis County HR —Presented by Chris Bone, HR Director (Audio Recording # 2)

After a brief break, the meeting resumed at 10:40 a.m. to discuss the 2026 budget, with a focus on personnel, compensation, and benefits. Chris Bone, Ric Higbee, and Marina Brito from HR presented a detailed overview, using data from the Kem C. Gardner Policy Institute and internal County metrics. The discussion highlighted the need for a revised compensation strategy to remain competitive in an expanding economic environment. Key topics included proposed changes to URS contributions, health plan costs, and the implementation of benchmark adjustments.

Discussion points:

1. Economic and Market Overview

- **Kem C. Gardner Institute Presentation:** Chris shared insights from the Gardner Institute, noting Utah's transition from a "growing small state" to a "more populous mid-sized state." Utah ranks fourth in population growth and first in GDP growth nationally over the last decade. A major challenge identified is the "severely unaffordable" housing market.
- **Wages and Labor:** Wage growth has been strong, particularly for "job switchers." This creates a competitive market where the County must be strategic to attract and retain talent. Unemployment in Utah is currently low at 3.3%, compared to the U.S. rate of 4.2%.
- **Legislative Changes:** The Big Beautiful Bill Act (OBBA) will require changes to how overtime is reported; however, the County is confident that it can make the necessary system adjustments.
- **Turnover and Staffing:** The County's annual turnover rate for 2025 is 17.1%, a slight increase from 16.5% in 2024. This is considered healthy by some and a concern by others. The County is still recovering from a high turnover rate (30%) in 2021, coinciding with the "Great Resignation." There are currently 73 vacant positions. The County will also transition approximately 150 poll workers to W-2 employees in 2026.

2. Compensation and Benchmarking

- **Pay Structure:** Marina presented a graphical representation of the County's pay structure, showing employee pay rates relative to their job grades. A small number of employees are "red-lined," meaning their pay is above their grade's top end due to past reorganizations, but they are moderated.
- **Benchmark Adjustments:** There are 29 benchmark positions identified as being below the market average (i.e., below the 95th percentile of the market midpoint), affecting 367 employees. The total cost to bring these positions to market is \$1,051,730. The cost of benchmark adjustments to Fund 10 is \$766.642. There was a discussion about the methodology for applying adjustments, with a suggestion to apply any COLA first, which would reduce the total cost of benchmark adjustments.
- **Total Cost of a 1% Increase:** Implementing a 1% pay increase across all employees would result in a cost to the County of approximately \$950,080. The General Fund would bear the majority of this cost at \$610,911.

3. Benefits and Retirement

- **Health Insurance:** The medical plan's loss ratio is high, with the traditional plan at 147% and the high-deductible plan at 91%. The total combined loss ratio is 111%. Due to these costs, HR anticipates an 11-12% increase in premiums for the 2026 fiscal year.
- **Dental and Vision:** The dental plan has a healthy fund balance (they are working to reduce it), and there will be no increase in premiums for either dental or vision for 2026.
- **URS Changes:** Beginning in July 2026, the employer contribution rate will decrease by 1% for most Tier I and Tier II employees, and by 0.5% for public safety employees. However, Tier II public employees will see their personal contribution increase by 0.49% to a total of 1.3%. This change does not affect Public Safety Hybrid employees. The employer rate decrease is projected to save the County over \$293,000 for the final six months of 2026.
- **HSA Contributions:** Due to a change in the high-deductible health plan (HDHP) deductible amount for 2026, the County's HSA contribution will increase from the current \$825/\$1650 to \$850/\$1700. These contributions will continue to be split and paid in January and July of each year.

4. 2026 Budget Projections and New Requests

- **General Budget:** The current baseline personnel budget projection for 2026 is \$114,305,599.
- **New Requests:** The total cost of new position requests (NPR+) is \$2,239,700, primarily for the Sheriff's Office, Corrections, and Western Sports Park. A recalculation of these requests at the first quartile pay and a 75% health benefit rate would save the County an estimated \$305,770.
- **OPIOID Settlement:** A brief mention was made of the Opioid settlement funds and the potential for a portion of the \$7 million to be allocated for one-time programs or equipment, rather than ongoing expenses. This will be explored further in a later meeting.

TOPICS BOOKMARKED FOR FUTURE DISCUSSION

- **Legal Defender Contracts:** The current contracts include a 4% increase plus cost-of-living adjustments, and there was a question about whether this is the best approach for the County.
- **COLA/Merit Systems:** The discussion about the COLA and merit increases led to a conversation about the need to re-evaluate the County's pay system. Commissioner Stevenson expressed a desire to revisit the entire compensation and merit program over the next six months, aiming to create a system where high-performing employees are rewarded more than low performers.

Jeff made several key points about merit pay during the meeting. He questioned the goal of the merit pay system, asking if it was meant to **retain the best employees or simply retain all employees**. He highlighted that the current system, where merit pay increases are being compressed, makes the difference in compensation between high and low performers smaller. Over time, this could lead to high-performing employees feeling less incentive to stay, while low performers might have little reason to improve or leave.

Jeff also pointed out that merit should be based on an employee's actual performance, not just their years of experience. For example, in a rapidly changing field like software development, a person with 8 years of experience might be just as capable as someone with 20 years, making a merit system based heavily on tenure less effective. He suggested that a more effective system would allow for greater differences in pay increases based on performance, rather than distributing a more minor, uniform increase across the board. He went on to say, if the County's goal is to "get leaner", it should probably retain the higher employees because they will probably produce more.

- **OPEB (Other Post-Employment Benefits):** The possibility of facing legal issues was raised if they were to phase out the OPEB benefit. It was suggested to get the County Attorney's opinion on the matter.
- **Employee Pay Structure:** Commissioner Crofts sought a deeper understanding of the pay structure and how some employees' salaries exceeded the top of their pay grade.
- **Discussion on Benchmark Adjustments:** Commissioner Crofts also requested more discussion on the cost and methodology of benchmark adjustments, particularly the trade-off between broad COLA increases and targeted adjustments.
- **Individual Elected Official Compensation:** Commissioner Stevenson raised a question about whether elected officials should be considered for compensation increases individually rather than as a single group.
- **Turnover and Staffing Breakdown:** Jeff requested a breakdown of job postings to distinguish between new positions and replacements.
- **401(k) and COLA:** The discussion around the 401(k) match and COLA was also marked for further consideration, specifically the potential impact of a 2% contribution shift on employee long-term savings.

The meeting adjourned at 12:34 p.m.

All documents associated with this meeting are listed as the following attachments:

A	2025-09 Budget Changes
B1-B7	2024 Cost of County Government Report _ Utah Taxpayers
C1-C18	State of Davis County Finances 2025-09-15
D1-D58	State of Davis County HR

Minutes prepared by:

Shairise Bills

Deputy Controller

Minutes approved on: 9/26/2025

/s/ Scott Parke

Scott Parke

Controller— Budget Officer