



AMERICAN FORK CITY COUNCIL
MARCH 17, 2026
WORK SESSION MINUTES

Members Present:

Bradley J. Frost	Mayor
Ryan Hunter	Council Member
Clark Taylor	Council Member
Staci Carroll	Council Member
Tim Holley	Council Member *electronically*

Members Absent:

Ernie John	Council Member
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Staff Present:

David Bunker	City Administrator
Camden Bird	Assist. City Administrator
Anna Montoya	Finance Director
Stephanie Finau	Deputy Recorder
Sam Kelly	Public Works Director
Dan Loveland	Asst. Public Works Director
Patrick O'Brien	Development Services Director
Cody Opperman	Development Planner
Derric Rykert	Community Development Director
George Schade	IT Director
Heather Schriever	Legal Counsel
Cameron Paul	Police Chief

Also present: Elizabeth Phelon, Reid Shelley, Stephen Phelon, Jim Olsen, and Becky Olsen.

Notice is hereby given that the American Fork City Council held a work session on Tuesday, March 17, 2026, in City Hall, located at 31 North Church Street, commencing at 4:00 p.m.

WORK SESSION

The purpose of the City Work Sessions is to prepare the City Council for upcoming agenda items on future City Council Meetings. The Work Session is not an action item meeting. No one attending the meeting should rely on any discussion or any perceived consensus as action or authorization. These come only from the City Council Meeting.

1. **Discussion on the proposed zoning map amendments.**

Mayor Frost opened the work session noting the goal to conclude around 5:30 p.m. due to the caucus meeting. He clarified that the meeting is a work session and that both items will go through public hearings where the public can provide input. The mayor acknowledged strong community engagement, referencing a recent Planning Commission public hearing that drew a large turnout. He noted that while prior outreach efforts (including meetings at the library and during community events) may not have reached the intended audience, the Planning Commission meeting successfully captured public

feedback, which was heard loud and clear. He then turned the discussion over to staff to begin reviewing the proposed zoning map amendments.

Before doing so, he noted for the record that Council Member Holley was attending remotely while serving abroad, and Council Member John was absent.

Mr. O'Brien explained that earlier in 2026, staff presented a draft zoning map proposal based on updates tied to the City's General Plan, which was developed with consultant support. These updates included revisions to land use, transportation, economic development, and water reuse planning. He emphasized that the General Plan is intended as a long-term vision (roughly 10 years), not an immediate change. As part of that effort, the city also explored streamlining residential zones, including potentially eliminating the R1-9000 zone. However, following significant public feedback, particularly at the Planning Commission public hearing, staff recognized that these changes could have unintended negative impacts on residents.

In response:

- The original zoning map proposal has been completely scrapped.
- Staff and Council have returned to the drawing board, incorporating extensive community feedback.
- There is no intent to reduce property rights, but rather to simplify and improve zoning.

Current Direction:

- Future zoning changes will be guided by the General Plan, but do not need to happen immediately.
- The focus has shifted to commercial and redevelopment areas, such as downtown and key corridors.
- Residential zones will remain unchanged under the current proposal, reflecting clear community preference.

Revised Proposal (Limited Changes Only) - Two small focus areas are being considered:

1. Professional Office (PO1) Area (north of the hospital):
 - Proposal to "square off" the zoning boundary for consistency.
 - Minimally impact one residential property but would not remove existing rights.
2. State Street / Eastern Gateway Area:
 - Rezone from GC-1 (larger-scale commercial/warehouse) to GC-2 (retail-oriented commercial).
 - Intended to encourage customer-facing development along a key frontage corridor.
 - Supports better transitions and aligns with the City's vision for that area.

Mr. O'Brien concluded that these targeted, minimal adjustments reflect what was heard from the public, while broader zoning updates will be considered later—primarily focused on commercial revitalization, not residential areas.

Council Member Hunter stated that he had spoken with several residents in the PO-1 area who expressed interest in maintaining residential frontage along 300 North. He noted that some residents would prefer to see any professional office use located toward the rear or middle of their properties rather than along the street. He acknowledged the challenges associated with adjusting zoning boundaries, including the potential for creating irregularities in other areas. Council Member Hunter requested additional details from staff on how the proposed changes would function, particularly with respect to impacts along 300 North. Council Member Hunter also asked for clarification regarding the zoning along 500 East, noting that the map colors suggested there may have been a change similar to the proposed GC-1 to GC-2 swap in the eastern gateway area.

Mr. O'Brien clarified that no zoning change is proposed along 500 East and that the area is currently zoned GC-2. He explained that the similar coloring on the map may have caused confusion. He reiterated that along the State Street eastern gateway corridor, the intent is to encourage customer-oriented, high-activity uses such as restaurants and retail, rather than large-scale warehouses or distribution uses, which are better suited to the rear of properties.

Mr. O'Brien then reviewed the existing zone near the hospital in the PO-1 area, noting that only a limited number of properties would be affected by the proposed adjustments, including one residential lot. He stated that if the Council preferred not to proceed with those changes, staff could revise the proposal accordingly. He added that several properties in the area had recently been rezoned to PO-1 to facilitate larger, coordinated commercial development. He further explained that while the area could continue to support residential uses, there have been recent efforts by some property owners to subdivide rear portions of their lots for potential sale and integration into the nearby IHC campus.

Council Member Hunter clarified that, based on conversations with residents during the public hearing, some individuals—particularly those on the north side of 300 North—expressed concerns about traffic and the potential loss of residential character across the street. He noted that the existing pattern, with limited residential homes near the hospital, feels like a natural transition and suggested that extending professional office zoning up to the south side of 300 North could serve as a logical boundary.

Mayor Frost addressed concerns raised by residents, clarifying that properties would not be forced to convert to a different use over time. He explained that existing homes would be considered legal nonconforming uses and could continue as residential. A change would only occur if a property owner chose to change the use, such as selling the property for professional office development.

Mr. O'Brien presented a more detailed view of the proposed zoning map, explaining that the change would primarily square off the PO-1 area while maintaining existing zone north of 300 North, which would remain unchanged.

Council Member Hunter reiterated that the concerns he heard appeared to come primarily from residents on the north side of 300 North, who were worried that their views could change from residential homes to professional office buildings. He noted that he did not recall hearing concerns from residents on the south side of 300 North.

Mr. O'Brien responded that the City had previously updated its code to include "good neighbor" provisions for commercial zones adjacent to residential areas. He explained that these standards require increased setbacks and other buffering measures when developments abut single-family residential zones.

Mayor Frost added that transitioning between residential and commercial zones is challenging due to their proximity. He noted that the City has worked to address potential impacts through regulations on lighting, parking lot placement, and setbacks to create a reasonable balance where the zones meet, acknowledging that 300 North serves as a natural boundary where such transitions are likely to occur.

Mr. O'Brien stated that the revised proposal focuses on two limited areas that could provide meaningful benefit and asked the Council whether the approach aligns with community feedback or if additional direction should be provided. He reiterated that, aside from the identified areas, no other zoning changes are proposed, and the remainder of the zoning map would remain unchanged.

Council Member Hunter inquired about recent development activity near the Big Lots area, referencing a new business announcement, and asked how that area fits within the proposed zoning approach. He noted that the site is within the SC-1 shopping center zone and not directly affected by the proposed GC changes.

Mr. O'Brien explained that while the specific site is not impacted, similar types of uses would be permitted within the GC-2 zone along frontage areas. He described GC-1 as functioning as a transitional zone between general commercial and light industrial uses, noting that its intent and permitted uses have evolved over time.

Council Member Hunter expressed support for encouraging development patterns that bring retail and restaurant uses closer to the street, with parking located to the rear, noting successful examples of this approach.

Mr. O'Brien agreed, stating that many existing developments include large amounts of underutilized space, particularly with buildings set far back behind parking lots. He noted that encouraging more active use of frontage areas could improve site utilization and support economic development goals.

Council Member Hunter stated that he supports the proposed development pattern as long as adequate parking is provided. Mr. O'Brien responded that some areas are designed with future building pads in mind, with parking already planned so that when the right tenant is secured, the structures can be built without compromising parking. He asked if there were any concerns with proceeding in this direction.

Council Member Hunter noted that the vast majority of resident concerns he heard were related to changes in residential zoning, which have now been addressed by leaving residential zones unchanged, resolving much of the community's concern. Mr. O'Brien acknowledged the prior issues with communication and planning, taking responsibility for areas where the process could have been better. He emphasized that the city is learning from the experience and intends to exceed minimum engagement requirements in future projects to ensure residents are well-informed and comfortable.

Council Member Carroll asked for clarification, noting that the discussion was about the zoning map and not the land use map, which does not exactly match the zoning. Mr. O'Brien explained that the City's immediate focus is on the zoning map, which determines current permitted uses and is easier to adjust in the short term. The land use map, on the other hand, serves as a long-term roadmap for the city's vision over the next 10 to 15 years, guiding areas such as connectivity, transportation, active transportation, water reuse, and recreational spaces. He emphasized that land use and zoning are interrelated, and once the zoning is established, staff can review the land use map to ensure consistency with the city's goals.

Mr. O'Brien noted that significant changes have already been made to the land use map compared with earlier drafts. For example, some areas previously shown with residential overlays were revised to straight commercial, and transit-oriented development areas were designated appropriately as commercial or attached residential. He stated that the land use map will continue to inform zoning decisions as the city develops in the future.

Council Member Carroll noted that the General Plan is intended to provide a broader vision for the city, while the zoning map reflects the current conditions. She asked if the land use map would remain the same for now. Mr. O'Brien responded that the land use map will be very similar to the current version, with improvements such as squared-off areas, reduced spaces, and clearly identified boundaries for future density, parks, and open spaces. He indicated that staff would bring the updated land use map back in two to three weeks along with the code amendments, which would include more precise language. He added that the map has been refined multiple times under staff oversight.

Mr. Bunker explained that the process is ongoing. The zoning map and code rewrite will be reviewed again by the City Council at the end of March. The Planning Commission will review the code rewrite on April 15, with a public comment period available at that time. An open house is planned for May 20 to allow the public to view maps, provide input, and ensure understanding. The plan will then be returned to the Planning Commission for approval and finally back to the City Council at the end of June. He emphasized that additional public notices will be provided throughout the process to ensure community members have ample opportunity to provide input.

Council Member Carroll requested that the timeline for the zoning and code update process be written out for clarity, noting that she had difficulty keeping track of all the steps. She expressed some confusion about the relationship between the zoning map, the rewrite code, and the General Plan. She explained that previously, issues arose when zones were changing without a corresponding code rewrite, which had led to problems with consolidating or updating zones. She emphasized that the General Plan is intended to provide a long-term vision for the city, rather than dictate immediate zoning changes. Mr. O'Brien clarified that the current discussion is focused on the proposed zoning map.

Council Member Taylor noted that due to the strong public reaction to earlier zoning changes, the Council had decided to maintain existing residential zones, including R1-12 and R1-7500.

Council Member Carroll confirmed that the proposed zoning map will align with the updated code and asked for clarification on the status of the General Plan. Mr. O'Brien

explained that the General Plan is being refined but will remain largely similar to the current land use map. He noted that the map itself is only one component of the plan and that it will be presented along with the code amendments at the end of the month. He emphasized that most of the public feedback received was related to the zoning map, which is why it is being addressed as a separate, primary item.

Council Member Hunter asked for clarification on the consultant's role, stating his understanding that the consultant was not responsible for the code rewrite but was instead working on the General Plan. Mr. O'Brien confirmed that the consultant was focused on the General Plan, which influenced proposed zoning changes.

Council Member Hunter expressed concern that, in developing the General Plan, the consultant that was hired, took a broad approach that resulted in large-scale proposed zoning changes across the city, which he felt went beyond staff's original intent. Mr. O'Brien acknowledged that there was some truth in that concern and added that staff had provided feedback on multiple drafts that were not fully incorporated. He noted that the project was also under time constraints due to funding deadlines, which contributed to the challenges.

Council Member Hunter thanked staff for taking a more direct role in the process and working to refine the proposals, noting that the current approach reflects more targeted changes rather than broad, sweeping adjustments. Mr. O'Brien expressed appreciation for the Council's patience and stated that staff now have greater control of the process and are better positioned to move forward in a more aligned and effective manner.

Mayor Frost stated that although no formal vote would be taken, he wanted to gauge Council consensus before publishing the proposed zoning map. He asked if Council Members were comfortable with moving forward and noted that he felt much more confident in the revised proposal.

2. Discussion on the fiscal year 2027 Perpetual Care, IT, Broadband, RDA, Water, Sewer, Storm Drain, and Sanitation funds.

Ms. Montoya outlined the City's budget development process, noting that the February budget workshop with the Council is used to discuss strategic goals, trends, and priorities. She explained that finance staff then compiles departmental requests into a workbook, after which administration meets with departments to review and refine those requests. She stated that the budget is then brought back to the Council during work sessions for further discussion and feedback. She emphasized that the budget remains a fluid document until a tentative version is presented in May. She added that the city uses a zero-based budgeting approach, reviewing all line items from the ground up. A tentative budget is presented in May, followed by final adoption in June.

Ms. Montoya reported that the broadband fund is largely status quo, with a slight reduction in lease revenue for the NOC to better reflect actuals and an approximate 3.5% increase in personnel and operating costs. She explained that the broadband fund currently has a deficit fund balance, requiring a contribution of 5% of its revenue from the general fund each year in accordance with state code, which equates to approximately \$22,668 for the current year. She added that the fund is not self-sustaining, with approximately 51% of its operations subsidized by the General Fund.

Ms. Montoya then explained the IT fund, noting that it is an internal service fund that supports other city departments. She stated that its revenue is generated through service charges allocated across departments to fund shared IT services. These include contracted IT services like Tech Legion, technology-related costs, and citywide software systems such as financial and website platforms like Caselle. She clarified that this fund represents pooled IT services, while any department-specific IT expenses are accounted for within individual department budgets.

Ms. Montoya reported that the IT fund includes a capital request of \$100,000 for the annual computer replacement program, which replaces city computers based on age according to a set schedule. She noted that a placeholder has also been included for future finance software implementation, although the city is not yet ready to move forward with that project.

Ms. Montoya then discussed the perpetual care fund for the cemetery, noting updated metrics and proposed capital improvements. She outlined a proposed \$127,000 cemetery expansion that would add approximately 900 burial plots and extend the cemetery's lifespan by about seven years. She also presented a new proposal of \$205,000 for the construction of approximately 224 cremation niches. Additionally, she noted a placeholder of approximately \$234,000 for potential future expansion, which is not included in the current year's proposal.

The Council discussed the proposed cemetery expansion location, Mr. Rykert explaining that the expansion would extend into the area of the former pony fields, primarily utilizing the existing parking lot and areas up to the fence line of the adjacent ball field, without impacting on the playing field itself.

Council Members discussed burial practices within the new area, including the use of double-depth burials. Mr. Bunker clarified that double-depth burials are currently allowed but not required, though the new expansion area would be capable of accommodating them. There was discussion about potentially requiring double-depth burials in applicable areas to increase capacity.

Mayor Frost asked whether the Council would be open to a future discussion on cemetery policy, specifically regarding the potential requirement of double-depth burials, noting that the topic was not on the current agenda but may warrant further consideration. Council Member Hunter expressed interest in a broader, long-term discussion about cemetery planning and strategy, emphasizing the need to look beyond the current seven-year capacity projection.

Mr. Rykert added that the cemetery expansion is being designed with flexibility in mind, including phased sections and connectivity options, allowing for future expansion if needed, including the possibility of extending further south while maintaining access and layout continuity.

Council Member Carroll asked for clarification regarding the remaining \$230,000 in cemetery reserves and whether those funds were being budgeted for use this year. Ms. Montoya explained that a portion of cemetery plot fees are allocated to a capital

expansion reserve, which currently totals approximately \$560,000. She noted that the \$230,000 represents remaining reserves not proposed for use in the current improvements.

Council Member Taylor asked whether there were any concerns, including issues of appropriateness or feasibility, with requiring double-depth burials and whether other cities have implemented such requirements. Mr. Rykert responded that some cemeteries do require double-depth burials and that the practice is becoming more common, particularly in state and national cemeteries due to land constraints. However, he noted that certain existing sections of the cemetery would not be suitable for double-depth burials due to prior development, though it would be feasible in future sections.

Mayor Frost inquired about fees associated with cremation. Mr. Rykert confirmed that proposed fees for cremation will be included in the cemetery fee schedule.

Mayor Frost emphasized that requiring double-depth burials would be a policy decision and should be addressed in its own discussion, along with any other cemetery-related items. Council Member Hunter raised a design consideration, asking whether further southward expansion of the cemetery would fit well with the placement of cremation niches and overall layout. Mr. Bunker responded that the niches were not intended as a strict barrier, noting that access could be provided on both sides, allowing flexibility in the design and potential expansion.

Mr. Rykert noted that adding cremation niches would be largely a policy decision, explaining that while the committee and staff had previously decided not to include cremation elements in that area, it remains possible to do so.

Mayor Frost explained that the original design of the large pad for niches anticipated the growing popularity of cremation and was intended to accommodate it, noting that the space is well-landscaped and functional. Mr. Rykert confirmed that the layout still allows for the addition of cremation niches if the council approves moving in that direction, and that the current plan would fit within the Memorial Garden area.

Mayor Frost and Ms. Montoya clarified that the budget placeholder for the niches is acceptable, and the item will be brought back for discussion in a future work session.

Ms. Montoya provided an update on the city's Redevelopment Areas (RDAs), noting that there are four active project areas, with two—Eastside RDA and North Valley RDA—wrapping up this fiscal year. She explained that the 2025 tax year represents the final increment for those two, and any remaining redevelopment funds are being programmed to close out the projects.

For the active RDAs, the Egg Farm and Patriot Station/TOD CRA, she detailed ongoing projects. At Egg Farm, improvements include work along 1100 South and 1500 South, as well as stormwater upgrades. At Patriot Station, bond funding is allocated for 200 South construction, pending some right-of-way acquisitions.

Moving on to the utility funds, Ms. Montoya summarized proposed changes, including planned increases to culinary water rates based on a recent study. She noted that

interdepartmental charges, such as those tied to the CDBG grant, are being decreased because the program is moving to the county and the city has not yet received the award. Additional budget considerations include increases in personnel and operational costs, as well as transfers to support culinary lease revenue bonds via the Local Building Authority.

Ms. Montoya provided an update on personnel, operations, and upcoming projects for the city's utility funds. She explained that a meter specialist vacancy, originally programmed as a Tech I position, is being reclassified and advertised as a Tech III. This position's costs are allocated 70% to culinary water and 30% to irrigation, which accounts for an increase in both areas. Operational costs are increasing primarily due to depreciation, with an annual adjustment of approximately \$400,000 to reflect the system's lifecycle costs. Debt service obligations include 2020 water line bonds and negative transfers for lease revenue bonds to the Local Building Authority.

Ms. Montoya also reviewed planned projects for the coming year, many of which are multi-year initiatives. These include reconstruction along:

- 100 East and 100 West,
- 200 West, 300 West, 600 West, and 700 North,
- Boley Well rehab

Most projects are currently in the design phase, with design budgets programmed for fiscal year 2026 and council consideration expected once design work progresses.

Ms. Montoya reviewed trends within the culinary water fund, noting that capital expenditures have fluctuated significantly in recent years due to the 36-inch waterline project, which was completed in 2025. She explained that the spikes in revenue during prior years were largely due to proceeds from the 2020 water revenue bonds, while operating and personnel costs have remained relatively consistent.

Ms. Montoya confirmed that water rates have not increased since 2019. She noted that a rate increase is being proposed, though its impact is partially offset by a reduction in grant funding, resulting in a relatively flat revenue projection for the upcoming fiscal year. She then discussed impact fee funds, stating that revenues have remained mostly stable. However, a proposed \$7.1 million project for the Dixie well would create a deficit in the impact fee fund. She explained that the city may address this through deficit financing, interfund borrowing, or private financing, and that additional details will be brought back to the Council.

For the pressurized irrigation (PI) fund, Ms. Montoya stated that no rate changes have been programmed into the current budget, as staff is awaiting Council direction. She indicated that any approved rate adjustments would be incorporated into a future budget amendment or the tentative budget. She also noted a decrease in developer contribution revenue and explained that capital projects in this fund are winding down as the PI metering project nears completion, with only minor remaining projects. She added that transfers in the PI fund relate to lease revenue bond obligations and that historical trends show prior increases tied to grant funding for the metering project, which is now concluding. Finally, she noted that PI impact fee revenues remain stable, and a proposed

water recycling project has not yet been budgeted pending state permit approval but may be added later depending on project status.

Ms. Montoya explained that the increase in sewer revenue reflects several factors, including projected growth, adjustments to charges for services, and updates to prior year revenue. She noted that a portion of the increase is related to a proposed 15% adjustment in TSSD charges beginning in January, though the overall revenue projection may be refined as rate discussions continue.

Mayor Frost clarified that TSSD-related increases are pass-through costs, meaning the city collects those fees on behalf of the treatment provider and remits them, and they are separate from the City's own sewer rates used to maintain local infrastructure.

Ms. Montoya added that operating costs are increasing primarily due to higher TSSD processing charges, along with debt service transfers for lease revenue bonds. She also highlighted capital expenditure, noting that the 100 West Reconstruction Project represents a significant investment. She explained that some capital projects budgeted in prior years were not completed, which is why they are being carried forward into upcoming fiscal years, resulting in higher projected capital spending that aligns with anticipated revenues.

Ms. Montoya reviewed updates to the stormwater and related utility funds. She noted that the 450 West upsizing projects have been delayed for several years due to railroad coordination and has been reprogrammed into the budget, though its status may be updated before the tentative budget is presented. She explained that a recent stormwater rate study supports a proposed \$2 increase in stormwater fees, which is reflected in the budget. She also noted a reduction in anticipated development contributions based on lower-than-expected activity. Personnel costs are increasing due to the reallocation of a position from sewer to stormwater.

Ms. Montoya added that capital needs remain consistent overall, with several multi-year projects continuing based on timing and project schedules. She highlighted that historical trends show expenditures exceeding revenues, indicating the need for the proposed rate increase to support ongoing capital demands. Regarding impact fees, she stated that there are minimal changes, aside from the removal of a prior-year property purchase. She also noted that the impact fee fund is currently in a negative position, and no interest revenue is being projected for the upcoming fiscal year.

Council Member Carroll excused from the meeting at 5:04 p.m.

Ms. Montoya reviewed the sanitation fund, explaining that it primarily operates as a pass-through utility, with rates based on contracted service costs that typically increase by a lesser of 3.5% or CPI. While those increases would normally be passed on to residents, she stated that staff are proposing to absorb the sanitation increase using available fund balance, resulting in no change to customer garbage rates despite rising costs. She then presented a summary of proposed utility rate adjustments.

Recycling rates are expected to increase slightly based on contract costs. Culinary water rates are proposed to increase by approximately 12% based on the recent rate study to

support needed funding. Pressurized irrigation rates are being held flat pending further study and direction. Storm drain fees are proposed to increase by \$2 to address funding needs, while the City's portion of sewer rates is proposed to decrease by \$2 to help offset that increase for residents.

Ms. Montoya emphasized that utility funds are restricted and must be used only for their specific purposes, meaning revenues cannot be transferred between utilities. She noted that a potential future increase in TSSD charges, estimated at about \$5, may occur in January, though staff are still evaluating whether that cost could also be absorbed to minimize customer impact. She concluded by asking the Council for feedback on the proposed rate structure as a comprehensive package.

Council Member Hunter reviewed the proposed utility rate adjustments and noted that, while there had been discussion of potentially significant increases overall, the presented package appeared more moderate. He clarified that the figures reflect utility rates only and do not include property tax considerations and expressed surprise at how closely staff were able to manage impacts to residents. Ms. Montoya responded that staff carefully evaluate system needs alongside available fund balances, with a focus on transparency and fiscal responsibility, aiming to limit increases to only what is necessary.

Mayor Frost commented that it is uncommon to see a decrease in any utility fund given rising costs such as inflation, labor, and materials. He expressed support for the approach to reducing certain rates where feasible, noting that adjustments can be made in the future if needed. Council Member Hunter emphasized the importance of ensuring that reductions do not lead to shortfalls requiring mid-year or near-term corrections.

Ms. Montoya added that while no sewer rate changes are proposed at the start of the fiscal year, there is a possibility of a future adjustment related to TSSD charges in January, pending further evaluation.

Council Member Taylor expressed support for minimizing immediate impacts to residents by using fund balance but raised concern that doing so could result in larger rate increases in future years. He noted this concern particularly with pressurized irrigation, suggesting it may be better to address needed increases now rather than defer them and "kick the can down the road."

Ms. Montoya responded that staff would not recommend absorbing costs unless they were confident it was sustainable. She noted that pressurized irrigation and TSSD sewer rates are still under review and may be adjusted in the future, but no immediate changes are being programmed until direction is provided. She added that any future adjustments are not expected to be significant but will be revisited.

Mayor Frost asked what key indicators staff use to determine whether funds can absorb adjustments. Ms. Montoya explained that staff evaluates fund balance levels and the long-term replacement costs of utility systems to ensure the City does not fall behind on infrastructure needs.

Mayor Frost specifically asked about the sewer fund, and Ms. Montoya responded that recent years of surplus have created sufficient capacity to absorb a temporary reduction.

She stated that this approach allows for more gradual, incremental adjustments rather than larger increases in a single year and supports offsetting the proposed stormwater fee increase.

Mr. Bunker emphasized that the city uses a zero-based budgeting approach each year, evaluating needs from the ground up rather than carrying over prior spending. He stated that staff carefully review each fund to ensure appropriate charges and noted that while the goal is to fund necessary services, the City will reduce or absorb costs where feasible. He reiterated that utility funds are kept separate and cannot be used interchangeably.

Council Member Taylor agreed and highlighted the importance of helping the public understand that a surplus in one utility fund does not offset costs in another, as each fund is restricted to its specific purpose. He also expressed appreciation for the work completed by Ms. Montoya.

Ms. Montoya outlined the next steps in the budget process, noting that an additional work session will be held at the end of April to review remaining funds, including the general fund and special revenue funds such as the fitness center. She stated that the tentative budget is scheduled for adoption at the first meeting in May, with final adoption anticipated in June. She added that staff are available to revisit any items as needed.

Mayor Frost noted that additional work sessions could be scheduled if Council members feel more time is needed to review specific funds in greater detail. He emphasized that the Council could take the necessary time to ensure a thorough review before adoption and invited some further comments.

3. Adjourn.

The Meeting adjourned at 5:14 p.m.



Stephanie Finau
Deputy Recorder