



PROVO MUNICIPAL COUNCIL

Budget Retreat Minutes

12:00 PM, Tuesday, May 12, 2020

Electronic meeting: [youtube.com/provocitycouncil](https://www.youtube.com/provocitycouncil)

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

Roll Call

The following elected officials were present:

Council Chair George Handley, conducting
Council Vice-chair David Harding
Councilor Travis Hoban
Councilor Bill Fillmore
Councilor Shannon Ellsworth
Councilor David Shipley
Councilor David Sewell
Mayor Michelle Kaufusi, arrived 12:09 PM

Prayer

The prayer was given by Councilor Travis Hoban.

Business

1. A presentation on the FY 20-21, an overview of the budget and the rationale behind decisions and fund balances. (20-008) ([0:12:50](#))

Mayor Michelle Kaufusi shared several clarifications about the budget impacts to employees, after which John Borget, Administrative Services Director, presented. He shared the fund balance figures from the Comprehensive Annual Finance Report (CAFR) and indicated that the annual audit would begin in the coming months. Mr. Borget highlighted four areas which the Administration had been evaluating of the City's various funds:

- Non-spendable (such as leases or other fixed expenses)
- Restricted (B&C road funds - taxes collected by state on gasoline and diesel)
- Assigned (funds for current projects)
- Unassigned

Mr. Borget shared details to provide a forecast of the impacts to the general fund and the constraints on the fund, which would impact what is available to be used for the 2021 budget. The fund balance was currently at 24% of revenues. Mr. Borget also gave an overview of sales tax, which he noted was difficult to forecast as it was unclear how extensive the impacts of the pandemic would be on the local economy. With that in mind, they have been very conservative in their estimates and prepared a responsible budget to submit to the Council.

Mr. Borget responded to questions from Councilors. Councilor Shannon Ellsworth asked about the sales tax figures statewide in February and March; Mr. Borget indicated that sales tax figures are reported a couple months later, so it was still difficult to determine what the impacts of the beginning of the pandemic in March had been. Councilor David Shipley asked about whether the positive sales tax figures from the beginning part of the year had been on account of the internet sales tax being assessed. Mr. Borget indicated that the internet sales tax has been a huge help to Provo since the tax comes to where the purchase was made. During the pandemic, many have moved to online shopping as well. Councilor George Handley commented that the pandemic seemed like the situation for which the rainy-day fund is set aside. *Presentation only.*

2. A presentation on the projected revenues for the FY 20-21. (20-008) (0:53:41)

John Magness, Policy Analyst, shared past revenues back to 2014 to share a broader picture of the City's financial situation. He highlighted utility sales, sales and property tax, franchise and licensing fees, RAP (Recreation, Arts, Parks) tax, B&C road funds, and transfers. Mr. Magness outlined the projections for the different funding sources and noted that some would see slight adjustments in the coming fiscal year based on rate changes or the likely continuation of past trends. Councilor David Harding asked for clarification about the percentage change; Mr. Magness clarified that the figures he was sharing was the one-year change from the budgeted FY20 and projected FY21 numbers. Where there was an increase for property tax, it did not represent a tax increase, but reflected extra income coming from new growth in the city.

Mr. Harding also asked for clarification on the utility revenue versus transfer projections. Mr. Magness clarified that not all the utility fees went to the general fund; many went directly to the enterprise fund. John Borget, Administrative Services Director, also clarified that there were other components of the transfer besides just utility fees. He thought the utility transfers would be fairly level, but the difference was probably made up by other transfers. *Presentation only.*

3. A presentation on General Fund Expenditures. (20-008) (1:06:00)

Cliff Strachan, Council Executive Director, presented. He reviewed the General Fund summary from FY2017 to FY2021 and highlighted several proposed expenditures which aligned with Council priorities and initiatives. Mr. Strachan noted that \$150,000 was included for redoing the General Plan; this was based on an estimate provided by the Community and Neighborhood Services Department. Councilor Shannon Ellsworth added that she thought that figure seemed accurate, based on her experience in the planning industry. Mr. Strachan also noted the projected financials for the Joaquin Parking Permit Program.

Ms. Ellsworth asked what budget cut has been the most challenging. Mayor Michelle Kaufusi indicated that it was difficult to ask departments to dig deeper and make additional cuts across the board. She had to turn down a large number of supplemental requests as well as implement a soft hiring freeze. In response to another question from Ms. Ellsworth, Mayor Kaufusi indicated that they would be planning for priorities to reintroduce to the budget, should revenues exceed the anticipated amounts and provide more flexibility in the coming fiscal year.

Councilor Bill Fillmore asked about the \$1.65 million for unfilled public safety positions. John Borget, Administrative Services Director, indicated that these were positions that were unfilled at present, but for which the intent was to fill the position. As they were working to balance the budget, they assessed current positions that were unfilled and whether or not they wanted to fill those for submitting the budget. With the current impacts, they determined that they should retain those positions and fill them.

Mr. Fillmore also asked whether it would make sense to delay the implementation of the Joaquin Permit Parking Program out one year given the uncertain financial climate. Councilor David Harding, chair of the Joaquin Parking Committee, shared comments on the program funding. Mr. Strachan and Hannah Salzl, Policy Analyst, also shared further clarification on how the projections for the Joaquin Permit Parking Program were determined. *Presentation only.*

4. A presentation on Non-General Fund expenditures. (20-008) ([1:44:41](#))

Hannah Salzl, Policy Analyst, presented. She shared a high-level overview on plans to maintain expenditures to meet service needs over the short-term and long-term. The goal was to be able to meet expected levels of service without exceeding projected revenues. She briefly outlined the five main categories and expected expenditures and projections for: enterprise funds (utilities, golf course), special reserve funds (library), capital improvement funds, internal service funds, and debt service funds. Councilor George Handley was concerned about fee increases during the financial uncertainty of the pandemic. He wondered if the city had a relief fund for those who could not meet the increase. John Borget, Administrative Services Director, clarified that the increase in revenues described by Mr. Magness earlier in the meeting were other transfers between funds that did not relate to the enterprise (or utility) fund transfers. *Presentation only.*

5. A presentation on Supplemental Request by various departments. (20-008) ([2:05:50](#))

David Mortensen, Budget Officer, presented. He noted that they received many supplemental requests, about 42 items from different departments totaling just over \$3 million. He highlighted the requests that were funded, which comprised critical needs of the city. Councilors asked questions about the rental fees for the recreation department and about personnel savings. Mr. Mortensen provided details on these items. John Borget, Administrative Services Director, highlighted the request to add Office365 licenses for all employees. Mr. Mortensen reviewed other supplemental requests that were unfunded but necessary. Hannah Salzl, Policy Analyst, noted that the additional parking enforcement personnel were a component of the Joaquin permit parking program and the expansion of the Foothills permit parking program. *Presentation only.*

6. A presentation on Personnel and the number of Full Time Equivalent (FTE) positions the city is funding for FY 20-21. (20-008) ([2:42:13](#))

John Magness, Policy Analyst, presented. Mr. Magness reviewed changes to the FTE levels for different areas of the city. There was a net increase of 3.3 FTE in the General Fund and an overall decrease of 8.7 FTE for the city, or about a .96% reduction in workforce. Mr. Magness reviewed the impacts for each department which had changes. Councilor Shannon Ellsworth asked whether the positions being eliminated had been unfilled at that time. Mr. Magness

indicated that for most positions that were eliminated, the positions had been vacant for some time. Some changes were simply the result of reassigning a position to the correct department.

Councilor George Handley shared comments on the police staffing levels; as the Police Department has been historically understaffed, he wondered whether the FTE changes were simply due to the current economic climate. Mayor Michelle Kaufusi addressed this comment and expressed that Chief Rich Ferguson was satisfied with the current staffing level. She highlighted some of their ongoing challenges with staffing; while they are still not at the level they want, Chief Ferguson is still very grateful for the 7 new officers added during the last fiscal year. They believe they are at a good place based on current staffing dynamics. Mayor Kaufusi also mentioned that many directors have said that their budget presentations would have been very different post-during-pandemic vs. their presentations which took place before the pandemic. John Borget, Administrative Services Director, added some additional details regarding some FTE which were moved from Customer Service to Community and Neighborhood Services; the costs to the General Fund would remain the same with this change.

Ms. Ellsworth asked the Administration what they felt were the most critical needs and what areas they would not want to underfund. Mayor Kaufusi said each department would say something different, but she felt that infrastructure was a critical need. She invited Wayne Parker, CAO, and Mr. Borget to weigh in. Mr. Borget highlighted employees/the workforce and taking care of existing assets (including vehicle replacement) as critical needs. Investing in these things will create more consistency and reliability within the City organization, which will help the City to weather other changes. Mr. Parker shared some of the pitfalls of how funding was allocated during the previous recession. He reiterated Mr. Borget's comments, noting the need to retain and recruit a high-quality workforce. He noted that during the previous recession, it took almost a decade to recover from a one-year decision because of the greater sums spent on vehicle maintenance rather than replacement when it had been needed. *Presentation only.*

7. A presentation on Budget Intent Statements, particularly budget carryovers, including renewable energy goal and alternate fuel vehicle replacements. (20-008) (2:59:13)

Cliff Strachan, Council Executive Director, presented. Mr. Strachan reviewed the contents of the main budget resolution and what it contains. He also introduced the discussion on carryovers and Councilors shared comments on the topic. Councilors shared comments on carryovers. Several Councilors expressed that they thought reassignments of budget funds should have Council oversight as a basic budgeting principle; it seemed problematic if a department was able to reprogram funds to programs that were not explicitly approved or funded during the budgeting process. Wayne Parker, CAO, said that the Council does not adopt a line-item budget; rather, they adopt the budget by department. He felt that the current process was within the statutory prerogative and separation of powers.

Mr. Strachan highlighted several policies with the Council had adopted that had budgetary implications. He also noted language that would be added to the adopted budget regarding the Council's Audit Committee. Mr. Strachan noted that in the past, the budget has typically included a section about the Council's priorities. Mr. Strachan referenced the Council's

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renewable energy goal/policy and suggested that it be incorporated into the General Plan. Councilor Shannon Ellsworth was concerned that there were many goals not related to the built environment that were being put into the General Plan; she thought that instead it needed to be a document primarily focused on land use. Councilor George Handley wondered whether the City could adopt a sustainability plan as an appendix to the General Plan and perhaps it would be a better fit for the renewable energy policy.

Mr. Strachan asked Councilors to indicate what they would like to discuss during the budget item at the next work meeting. Several Councilors asked for an update on the regional/soccer sports park. Mayor Kaufusi and Mr. Parker shared some details on the progress of the project.

Mr. Strachan and Councilors thanked the Administration for the budget process and cooperation from Finance, the Mayor's Office, and department directors. The Council has appreciated receiving excellent resources and information. Council Chair George Handley also thanked Council staff for preparing this budget retreat and the recent town hall event. ***Presentation only.***

Adjournment

Adjourned by unanimous consent.