

AMERICAN FORK CITY COUNCIL
MARCH 30, 2021
WORK SESSION AGENDA

NOTICE OF ELECTRONIC MEETING

In accordance with Resolution No. 2020-07-20R, Mayor Frost has determined that conducting meetings of the City Council with an anchor location, such as the City Council Chambers or Administration Conference Room, presents a substantial risk to the health and safety of those who may be present there.

The following are facts upon which this determination has been made:

- Utah declared state of emergency on November 8, 2020 due to an increase in case counts of COVID-19, a virus outbreak that has been recognized by the World Health Organization, federal, state and local leaders as a pandemic.
- The Centers for Disease Control and Prevention (CDC) has stated that COVID-19 is easily spread from person to person between people who are in close contact with one another through respiratory droplets when an infected person coughs, sneezes, or talks. This virus can also be spread by people who are non-symptomatic.
- Federal, state, and local authorities recommend that individuals limit public gatherings, wear face masks, and follow social distancing guidelines.
- It is difficult to anticipate the number of attendees at any meeting in order to maintain social distancing to comply with State Phased guidelines. Further, regardless of the number of attendees, social distancing measures for Council, staff, and attendees will be difficult to maintain in the City Council Chambers and Administration Conference Room.
- COVID-19 continues to pose an immediate threat to the health, safety, and welfare of American Fork City residents.
- American Fork City can provide a way for the public to hear, or hear and view, open portions of City Council meetings and to provide a way to participate in public hearings.

While the written determination remains in effect, all City Council meetings will be conducted electronically. The meetings are broadcast live-streamed, and available at a later time, at <https://www.americanfork.gov/AgendaCenter>.

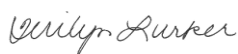
WORK SESSION

The purpose of 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.

The American Fork City Council will meet in a work session on Tuesday, March 30, 2021, electronically, commencing at 4:00 p.m. The agenda shall be as follows:

1. Presentation and discussion on current water conditions and irrigation outlook and water conservation strategies
2. Discussion on the Fiscal Year 2022 Culinary Water, Pressurized Irrigation, Sewer, Storm Drain, and Sanitation funds.
3. Adjourn.

Dated this 25th day of March 2021.



Terilyn Lurker, City Recorder

- In accordance with the Americans with Disabilities Act, American Fork City will make reasonable accommodations to participate in the meeting. Requests for assistance can be made by contacting the City Recorder at 801-763-3000 at least 48 hours in advance of the meeting.
- The order of agenda items may change to accommodate the needs of the City Council, the staff, and the public.

CITY COUNCIL STUDY ITEM

City of American Fork
COUNCIL WORK SESSION
MARCH 30, 2021

Department Recorder

Department Terilyn Lurken

STUDY ITEM Discussion on the Fiscal Year 2022 Culinary Water, Pressurized Irrigation, Sewer, Storm Drain, and Sanitation funds.

BACKGROUND

Anna Montoya, Finance Director, will lead the discussion on the culinary water, pressurized irrigation, sewer, storm drain, and sanitation funds.

SUPPORTING DOCUMENTS

3.30.21 Water.Sewer.Storm Drain.Sanitation(PDF)

Culinary Water Pressurized Irrigation Sewer Storm Drain Sanitation

Fiscal Year 2022

Budget Work Session March 30, 2021

BUDGET PROCESS

Budget Process

- Budget requests based on department needs in line with Council's strategic goals
- Finance compiles department requests
- Administration meets with department heads to determine recommendations for tentative budget
- Priorities are set based on Council goals within restraints of limited resources
- Work sessions to discuss recommendations
- Tentative budget compiles all recommendations in line with Goals and resources for a balanced budget

Budget Timeline

- February – Budget Retreat
- March - April – Work Sessions
- May – Tentative Budget adopted
- June – Final Budget adopted

CULINARY WATER



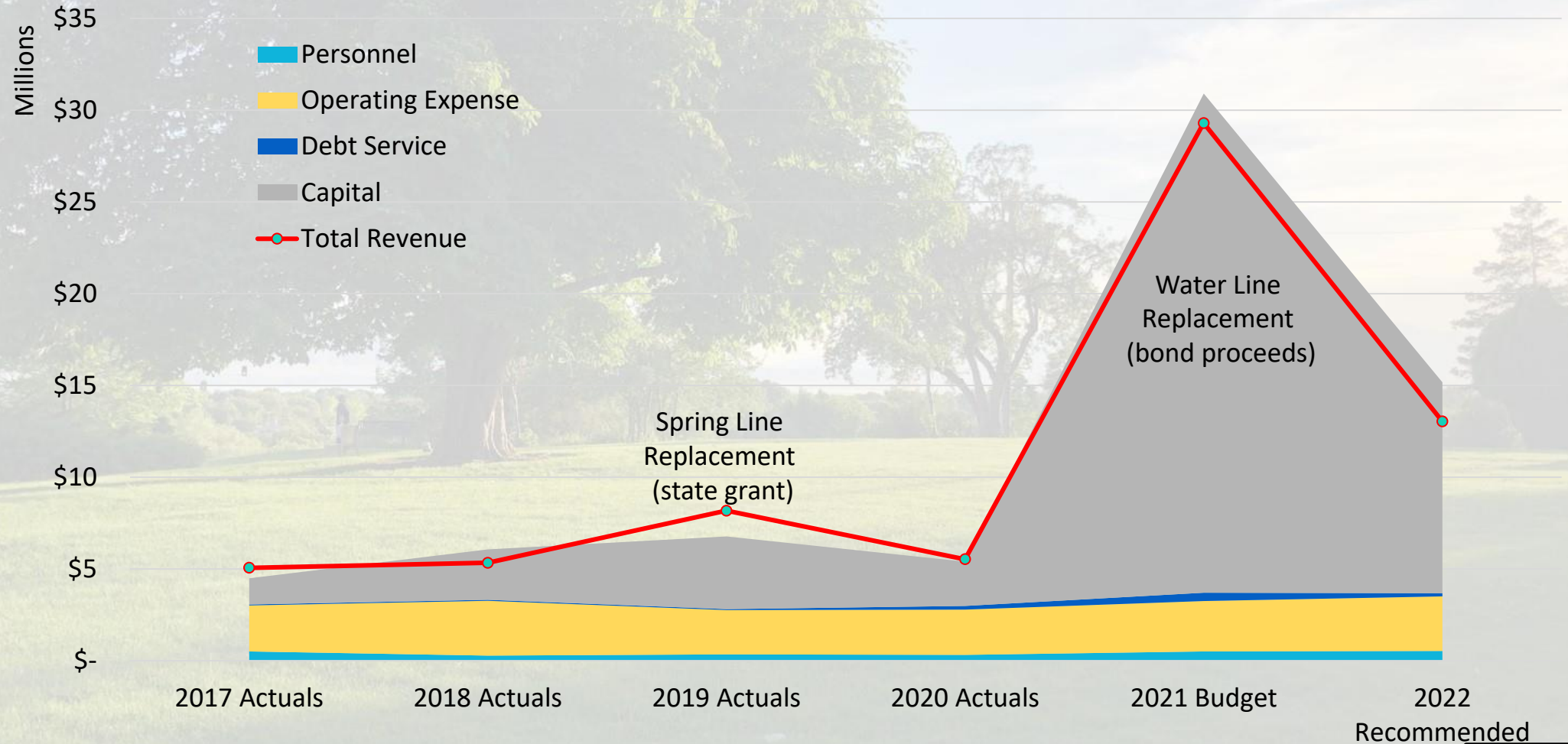


CULINARY WATER

Revenues	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Charges for Services	\$5,129,798	\$5,434,081	\$5,697,500	\$263,419	4.89%
Interdepartmental/Other	243,565	40,000	237,725	197,725	494.35%
Interest	160,872	100,000	100,000	0	0%
Financing	0	23,721,767	7,015,000	(16,706,767)	-70.49%
Total	\$5,534,235	\$29,295,848	\$13,050,225	\$(16,245,623)	-55.49%
Expenditures	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Personnel	\$323,477	\$516,655	\$533,241	\$16,586	3.29%
Operating	2,728,291	2,943,573	2,981,936	38,363	1.39%
Capital	2,413,340	27,195,532	11,488,057	(15,707,475)	-57.89%
Debt Service/COI	50,606	449,470	171,830	(277,641)	-61.89%
Total	\$5,515,715	\$31,105,230	\$15,175,064	\$(15,930,166)	-51.29%
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CULINARY WATER TRENDS

Revenue vs. Expenditures



CULINARY WATER

Revenues

- No rate increases
- Applied for CDBG grant; pending award in April 2021
- Water Line Bond proceeds \$15 million received FY2021; remaining \$7.015 in FY2022

Expenditures

- Personnel – up \$16,586 or 3.2% for merit increases
- Operations – up \$38,363 or 1.3%
- Capital Projects
 - ❖ \$8.5 million - Continue water line project & receive remainder of bond proceeds (\$7.015 million)
 - ❖ \$1.2 million – Water line repairs portion of road plan
 - ❖ \$260,000 - Country club well
 - ❖ \$100,000 – Hospital well design
 - ❖ \$840,000 – AMI Metering

2018 Rate Study

- Water line project – debt service 30 years @ 1%
- 5-year vac truck replacement program – purchased in FY2021 (shared with PI & Storm Drain)



CULINARY WATER- IMPACT FEES FUND

2.2.a

Revenues	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Impact Fees	\$1,318,965	\$700,000	\$1,300,000	\$600,000	85.7%
Interest	26,775	15,000	15,000	0	0%
Total	\$1,345,516	\$715,000	\$1,311,295	\$600,000	83.9%
Expenditures	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Operating	\$9,327	\$0	\$24,172	\$24,172	n/a
Capital – Water Line	0	0	5,009,017	5,009,017	n/a
Reimbursement Agreements	417,145	500,000	500,000	0	0%
Debt Service	0	644,000	677,578	33,578	5.2%
Total	\$426,472	\$1,144,000	\$6,210,766	\$5,066,766	442.9%

Notes

- FY2021 revenue estimates reduced due to Corona virus pandemic
- Water Line project is 89-93% impact fee eligible (new growth & upsize)

PRESSURIZED IRRIGATION





PRESSURIZED IRRIGATION

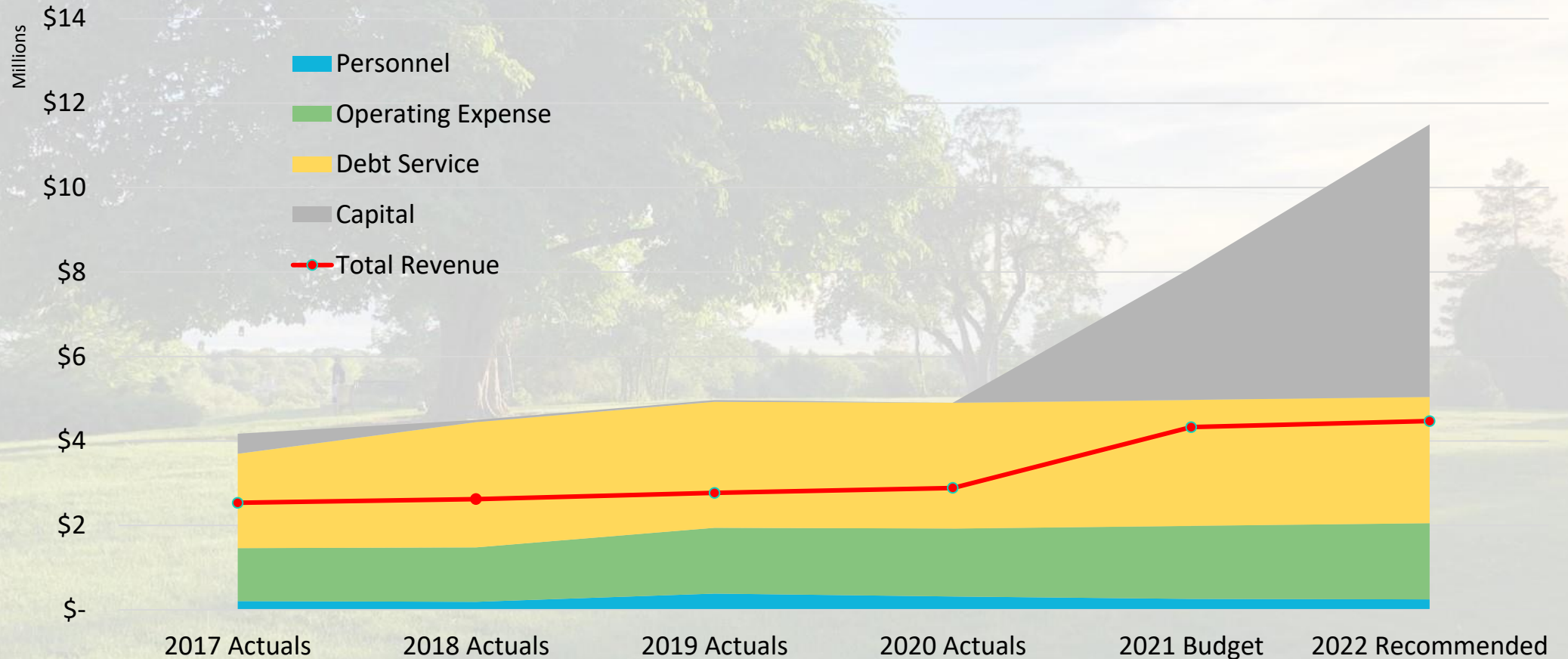
Revenues	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Charges for Services	\$2,882,250	\$2,826,063	\$2,968,000	\$141,937	5.09%
Grant	0	1,500,000	1,500,000	0	0%
Interest	2,637	1,500	1,500	0	0%
Total	\$2,884,887	\$4,327,563	\$4,469,500	\$141,937	3.30%
Expenditures	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Personnel	\$316,242	\$258,669	\$249,946	\$(8,723)	-3.49%
Operating	1,610,162	1,729,286	1,803,002	73,716	4.32%
Capital	0	3,120,000	6,455,000	3,335,000	106.92%
Debt Service	2,916,322	2,987,288	2,987,188	(100)	0%
Total	\$4,842,726	\$8,095,243	\$11,495,136	\$3,399,893	42.01%

Notes

- FY 2022 personnel includes benefit adjustment due to FY21 allocation error

PRESSURIZED IRRIGATION TRENDS

Revenues vs. Expenditures



PRESSURIZED IRRIGATION

Revenues

- No rate increases (last rate study approved in May 2012)
- Increase of \$140,453 or 3.2% (growth)
- \$1.5 million Board of Reclamation grant for PI meters requires 50% match (carry forward from FY2021)

Expenditures

- Personnel – down \$8,723 or 3.4%
 - ❖ Benefit calculation adjusted FY 2022 for prior year allocation error
 - ❖ Includes 3% merit
- Operations – up \$73,716 or 4.3%
 - ❖ Rate study proposed for FY 2022
 - ❖ Depreciation increase
- Capital Projects – up \$3,335,000 or 106.9%
 - ❖ \$6 million for PI metering (\$3 million carry forward from FY2021)
 - ❖ \$360,000 – AMI Metering
 - ❖ Less Vac truck purchased in FY2021 \$120,000 (shared with culinary and storm drain)



PRESSURIZED IRRIGATION- IMPACT FEES FUND

2.2.a

Revenues	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Impact Fees	\$840,887	\$630,000	\$830,000	\$200,000	31.7%
Total	\$840,887	\$630,000	\$830,000	\$200,000	31.7%
Expenditures	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Operating	\$8,699	\$0	\$21,998	\$21,998	n/a
Capital	0	2,000,000	1,987,058	(12,942)	-0.6%
Reimbursement Agreements	130,603	200,000	500,000	300,000	150.0%
Total	\$139,303	\$2,200,000	\$2,509,056	\$309,056	6.9%

Notes

- FY2021 revenue estimates reduced due to Corona virus pandemic (estimate actuals at FY2020 levels)
- Capital includes carry forward of Recycled Water feasibility and land purchase \$2 million

Attachment: 3.30.21 Water.Sewer.Storm Drain.Sanitation (FY2022 Budget Discussion -

AVAILABLE FUND EQUITY - WATER

	<u>Culinary Water</u>	<u>Culinary Impact</u>	<u>Pressurized Irrigation</u>	<u>Irrigation Impact</u>	<u>Total Water</u>
Current Assets (6/30/20)	16,237,317	1,914,773	10,956,356	(14,687,269)	14,421,177
Current Liabilities (6/30/20)	(789,178)	-	(9,337)	(3,667)	(802,182)
Estimated Net Revenue (FY2021 Budget)	(1,809,382)	215,000	(1,570,000)	630,000	(2,534,382)
LMI transfer from Egg Farm EDA	<u>1,628,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,628,069</u>
Available Fund Balance	15,266,826	2,129,773	9,377,019	(14,060,936)	12,712,682
Metering projects	560,000		4,240,000		4,800,000
Targeted Reserves	<u>1,128,328</u>	<u>722,863</u>	<u>3,159,546</u>	<u>130,500</u>	<u>5,141,237</u>
Available After Reserves	<u>13,578,498</u>	<u>1,406,910</u>	<u>1,977,474</u>	<u>(14,191,435)</u>	<u>2,771,442</u>

Notes

- Targeted reserves = FY 2021 25% of Personnel & Operating budget + 100% debt service

SEWER





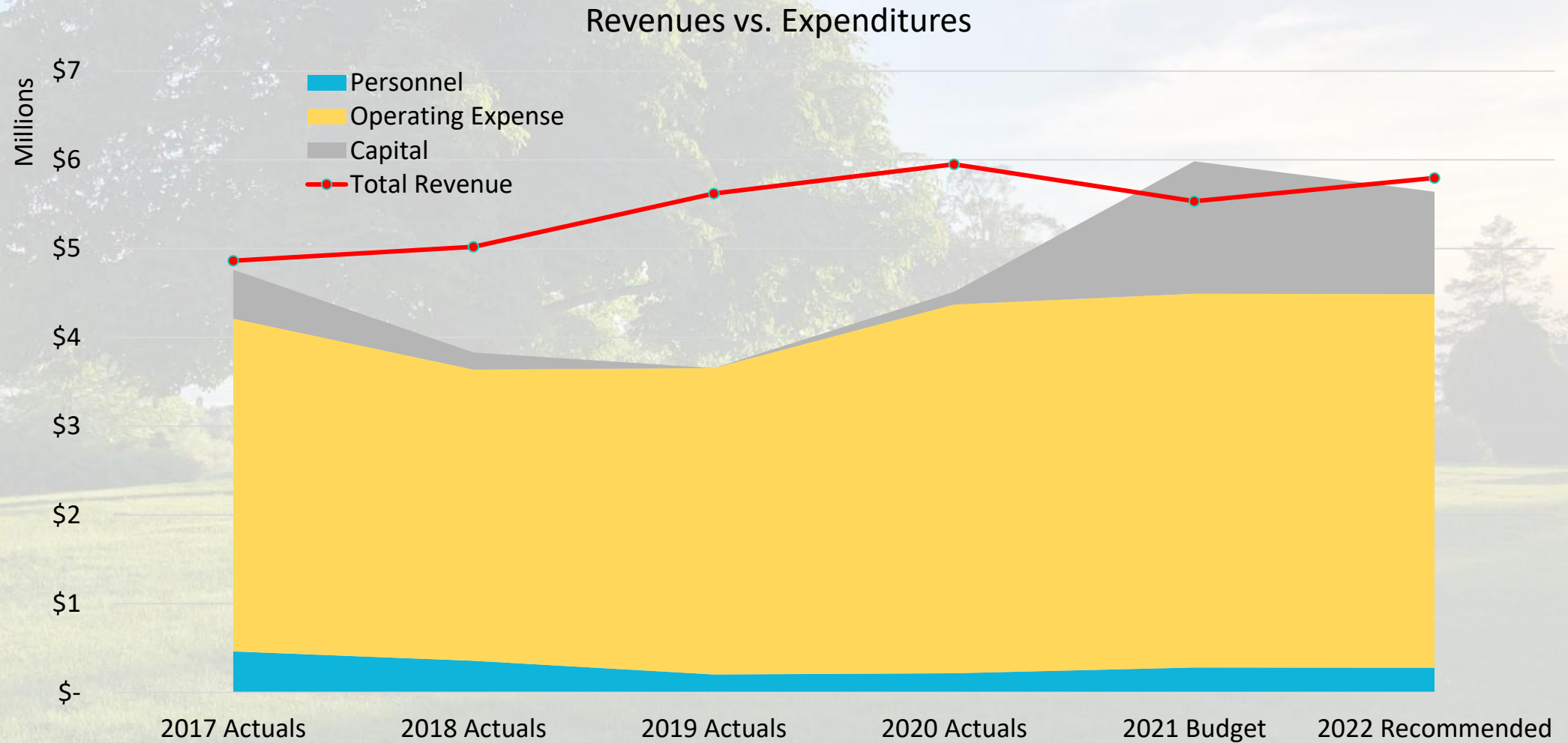
SEWER

Revenues	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Charges for Services	\$5,818,838	\$5,426,256	\$5,695,250	\$268,994	4.9%
Interest	130,435	106,072	100,000	(6,072)	-5.7%
Total	\$5,949,273	\$5,532,328	\$5,795,250	\$262,922	4.8%
Expenditures	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Personnel	\$217,470	\$280,575	\$279,484	\$(1,091)	-0.4%
Operating	4,084,497	4,210,551	4,206,082	(4,469)	-0.1%
Capital	143,818	1,491,356	1,154,034	(337,322)	-22.6%
Total	\$4,445,785	\$5,982,482	\$5,639,600	\$(342,882)	-5.7%

Notes

- FY 2022 personnel includes reduction of overtime wages

SEWER TRENDS



SEWER

Revenues

- No rate increases
- Increase of \$262,922 or 4.8% (growth)

Expenditures

- Personnel – down \$1,091 or .4%
 - ❖ Reduction of overtime
 - ❖ Includes 3% merit
- Capital Projects – down \$337,322 or 22.6%
 - ❖ Sewer portion of water line in FY2021 not carried forward
 - ❖ Sewer Lining reduced \$161,000 compared to prior year

2014 Rate Study

- Vacuum truck replacement schedule – purchased 2015, replacement recommended 2023
- Maintenance building – 25% estimated costs earmarked in reserves (FY2023)
- 1% sewer replacement costs approximately \$825,000 to be placed in reserves annually

2021 Rate Study

- Study addressed rate structure (multi-unit, commercial based on meter size, base vs. volume rates)
- Study presented February 2020, put on hold due to COVID)

SEWER IMPACT FEES FUND

Revenues	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Impact Fees	\$443,545	\$280,000	\$400,000	\$120,000	42.9%
Interest Revenue	26,891	21,774	21,774	0	
Total	\$470,436	\$301,774	\$309,189	\$120,000	39.8%
Expenditures	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Operating	\$4,724	\$0	\$23,963	\$23,963	n/a
Reimbursement Agreements	49,466	330,704	300,000	(30,704)	-9.3%
Total	\$54,190	\$330,704	\$323,963	\$(6,741)	-2.0%

Notes

- FY2021 revenue estimates reduced due to Corona virus pandemic (estimate actuals at FY2020 levels)

STORM DRAIN

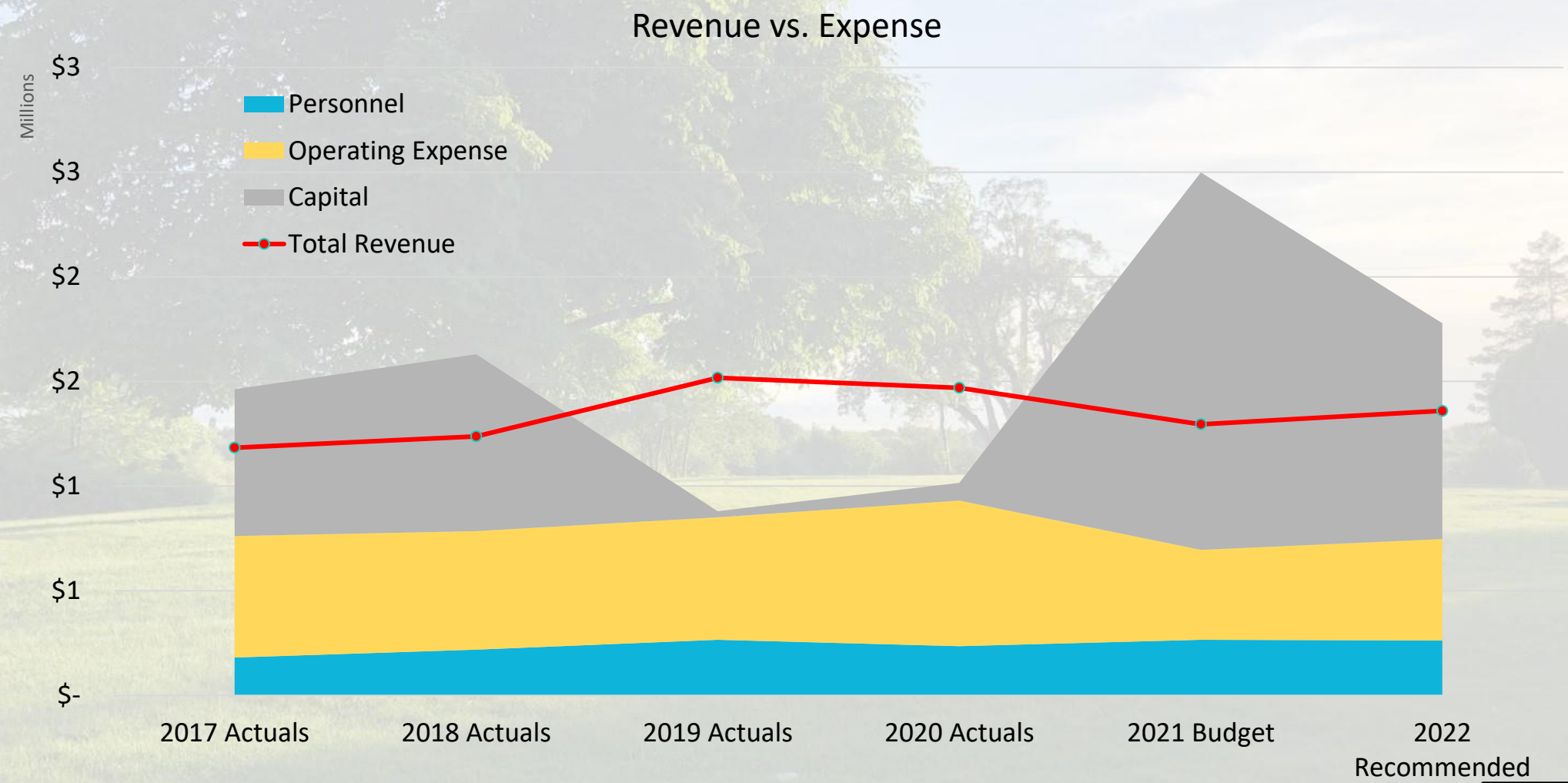




STORM DRAIN

Revenues	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Charges for Services	\$1,426,049	\$1,260,720	\$1,325,000	\$64,280	5.1%
Interest	43,878	34,500	34,500	0	0%
Total	\$1,717,760	\$1,295,220	\$1,359,500	\$64,280	5.0%
Expenditures	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Personnel	\$235,008	\$266,370	\$262,479	\$(3,891)	-1.5%
Operating	695,806	426,449	485,187	(58,738)	13.8%
Capital	84,799	1,802,521	1,031,004	(771,517)	-42.8%
Total	\$804,113	\$2,495,340	\$1,778,670	\$(716,670)	-28.7%

STORM DRAIN TRENDS



STORM DRAIN

Revenues

- No rate increases
- Increase of \$64,280 or 5.1% (growth)

Expenditures

- Personnel down \$3,891 or 1.5%
 - ❖ Benefit calculation adjusted FY 2022 for prior year allocation error
 - ❖ Includes 3% merit
- Operations up \$58,738 or 13.8% (recommend tree trimming \$50,000)
- Capital Projects – down \$771,517 or 43%
 - ❖ Remaining AF River rehabilitation carried forward to FY2022
 - ❖ Less Vac truck purchased in FY2021 \$120,000
 - ❖ Storm drain portion of water line in FY2021 not carried forward
 - ❖ Storm drain portion of road plan included for curb & gutter (\$719,679)

2014 Rate Study

- Sweeper truck replacement program – last purchase in 2015
- Maintenance building – 25% estimated costs earmarked in reserves (FY2023)
- Vacuum truck replacement schedule – purchased 2015, replacement recommended 2023
- Annual storm drain improvements of \$1.4 million per year



SEWER IMPACT FEES FUND

Revenues	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Impact Fees	\$516,420	\$280,000	\$400,000	\$120,000	39.3%
Interest Revenue	29,112	25,218	25,218	0	0%
Total	\$545,532	\$305,218	\$425,218	\$120,000	39.3%
Expenditures	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Operating	\$8,598	\$0	\$20,780	\$20,780	n/a
Reimbursement Agreements	1,950	123,100	500,000	376,900	306.2%
Total	\$54,190	\$123,100	\$520,780	\$387,680	314.9%

Notes

- FY2021 revenue estimates reduced due to Corona virus pandemic (estimate actuals at FY2020 levels)



AVAILABLE FUND EQUITY – SEWER/STORM DRAIN

2.2.a

	<u>Sewer</u>	<u>Sewer Impact</u>	<u>Total Sewer</u>		<u>Storm Drain</u>	<u>Storm Drain Impact</u>	<u>Total Storm Drain</u>
Current Assets (6/30/20)	8,538,677	1,659,713	10,198,390		2,863,127	1,863,935	4,727,062
Current Liabilities (6/30/20)	(349,945)	-	(349,945)		(41,202)	(48,933)	(90,135)
Estimated Net Revenue (FY2021 Budget)	<u>(450,154)</u>	<u>(28,930)</u>	<u>(479,084)</u>		<u>(1,200,120)</u>	<u>182,118</u>	<u>(1,018,002)</u>
Available Fund Balance	7,738,579	1,630,783	9,369,361		1,621,805	1,997,121	3,618,925
Less 2014 Rate Study Reserves:							
Equipment (vac truck & sweeper)	432,000	-	432,000		288,000	-	288,000
System Improvements-5 year road plan	3,745,679	-	3,745,679		7,092,840	-	7,092,840
Maintenance Building	300,000	-	300,000		300,000	-	300,000
Targeted Reserves	<u>1,121,392</u>	<u>75,000</u>	<u>1,196,392</u>		<u>186,917</u>	<u>125,000</u>	<u>311,917</u>
Available After Reserves	<u>2,139,508</u>	<u>1,555,783</u>	<u>3,695,290</u>		<u>(6,245,952)</u>	<u>1,872,121</u>	<u>(4,373,831)</u>

Notes

- Targeted reserves = FY 2021 25% of Personnel & Operating budget + 100% debt service

Attachment: 3.30.21 Water.Sewer.Storm Drain.Sanitation (FY2022 Budget Discussion -

SANITATION



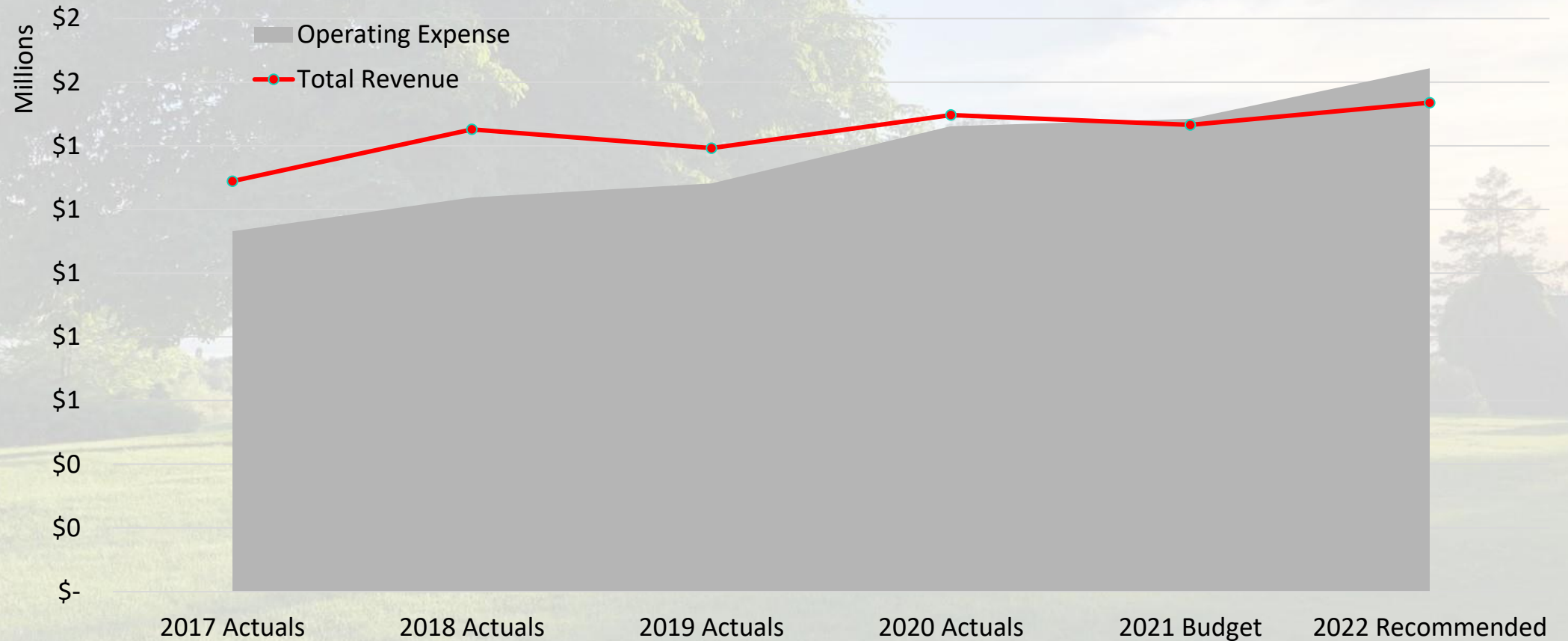


SANITATION

Revenues	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Charges for Services	\$1,489,643	\$1,458,995	\$1,556,500	\$97,505	6.7%
Interest	7,114	6,750,	6,750	0	0%
Total	\$1,496,757	\$1,465,745	\$1,563,250	\$97,505	6.7%
Expenditures	FY 2020 Actuals	FY 2021 Amended Budget	FY 2022 Recommended	Difference	% Difference
Operating	1,458,691	1,478,524	1,643,757	165,233	11.2%
Total	\$1,458,691	\$1,478,524	\$1,643,757	\$165,233	11.2%

SANITATION

Revenue vs. Expenditures



SANITATION

Revenues

- Propose rate increase of 2% to mirror contract change
 - ❖ First container from \$10.00 to \$10.20
 - ❖ Additional container from \$6.65 to \$6.78
 - ❖ Recycling from \$6.00 to \$6.12
- Total increase of \$97,505 or 6.7% (includes growth)

Expenditures

- Operations up \$165,233 or 11.2%
 - ❖ Per contract, rate adjustment is lower of 2.0% or CPI 3.59%
 - ❖ 4th punch on punch card for green waste (increase of \$108,526)