

UNAPPROVED MINUTES

AMERICAN FORK CITY COUNCIL NOVEMBER 16, 2021 SPECIAL SESSION, WORK SESSION MINUTES

Members Present:

Kevin Barnes	Council Member
Staci Carroll	Council Member
Ryan Hunter	Council Member
Rob Shelton	Council Member
Clark Taylor*	Council Member

Staff Present:

Bradley J. Frost	Mayor
David Bunker	City Administrator
Camden Bird	Community Services Director
Terilyn Lurker	City Recorder
Anna Montoya	Finance Officer
Aaron Brems	Fire Chief
Cherylyn Egner	Legal Counsel
Cameron Paul	Police Chief

Also present: Tim Holley, Kay Christofferson, and Mike Kennedy

The City Council met in a special session and work session on Tuesday, November 16, 2021, at the City Administration Conference Room, 51 East Main Street, commencing at 4:05 p.m.

SPECIAL SESSION

1. Review and action on certifying the results of the November 2, 2021, Municipal General Election.

City Recorder Terilyn Lurker passed out the results of the November 2, 2021, general election. She went over the steps to take for certifying the results.

Council Member Carroll moved to convene as the Board of Canvassers for the November 2, 2021, general election. Council Member Shelton seconded the motion. Voting was as follows:

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Staci Carroll, Council Member
SECONDER:	Rob Shelton, Council Member
AYES:	Kevin Barnes, Staci Carroll, Ryan Hunter, Rob Shelton
ABSENT:	Clark Taylor

Ms. Lurker went over the results of the election for mayor, council, and the PARC Tax.

Council Member Shelton moved to accept and certify the 2021 American Fork General Election results as presented and declare mayoral candidate Brad Frost as elected, declare

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council candidates Staci Carroll and Ryan Hunter as elected, and declare Proposition #5 (PARC Sales and Use Tax) as approved for ten years. Council Member Barnes seconded the motion. Voting was as follows:

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Rob Shelton, Council Member
SECONDER:	Kevin Barnes, Council Member
AYES:	Kevin Barnes, Staci Carroll, Ryan Hunter, Rob Shelton
ABSENT:	Clark Taylor

Council Member Shelton moved to adjourn as Board of Canvassers and reconvene as City Council. Council Member Hunter seconded the motion. Voting was as follows:

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Rob Shelton, Council Member
SECONDER:	Ryan Hunter, Council Member
AYES:	Kevin Barnes, Staci Carroll, Ryan Hunter, Rob Shelton
ABSENT:	Clark Taylor

2. Adjourn to a work session.

The special session adjourned to a work session at 4:20 p.m.

WORK SESSION

1. Discussion with state legislative representatives regarding issues affecting the city.

Kay Christofferson explained the re-districting was approved by the legislature but it was unknown if the Governor has signed that yet. It was noted that Kay Christofferson, John Hawkins, Corey Maloy, and Val Petersen were the city's representatives and Mike Kennedy was still the Senator. A lot of work went into the re-districting, with the goal to follow natural boundaries as much as possible.

There were a few items of topic the council and representatives talked about previously they wanted to receive updates on.

Mayor Frost brought up the Utah Lake Commission and when a bill would be provided. Mr. Christofferson answered he felt they needed to get everyone together to discuss the ideas presented and consider other ideas. A collaborative approach would be appreciated so they could have a discussion to explain all the information in the bill. Last year, the bill was being modified right up until the start of the session and information was not available earlier. With time and an interim committee involved, it would be good to meet to go over what is included in the bill.

Mayor Frost expressed his appreciation for Mr. Christofferson's work with Gold Cross.

Another discussion was held on infrastructure needed in American Fork and the need for planning for buildout and not just 20 years. One item needed was an overpass that connected the Meadows project and Pioneer Crossing at 1020 West. This project would include the city, UDOT, UTA, and possibly Woodbury Corporation. Mr. Christofferson stated he can go to bat for the city but would need the specifics of the projects. It was suggested to involve Craig

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Peterson with pushing this project forward. Additionally, the road connecting 1020 West to 700 West at 200 South was needed.

Council Member Carroll brought up the PARC Tax and indicated comments have been made to her asking why they could not do that for roads. She felt there needed to be a local option that cities could utilize to collect a tax or fee for roads. Mr. Christofferson indicated the quarter sales tax and Utah County just barely adopted the fifth quarter. Council Member Shelton expressed interest in amending the current state code to allow for a utility fee for roads.

**Council Member Taylor arrived at 4:38 p.m.*

It was noted a bond attempt had been made several years ago for road improvements, but a group put out misinformation and the bond was defeated. The League of Cities and Towns would be helpful in getting the cities together on the same page to push for options such as sales tax or utility fees to bring in revenue. With electric vehicles, the gas tax revenue will change in the future and they need to plan for that now.

Mr. Bunker explained another issue needing attention was public safety personnel. Statewide there were struggles with retaining public safety personnel. They need to figure out how to entice good people to come into the public safety profession; retirement and re-entering into the system after retirement were issues that needed to be discussed.

Fire Chief Brems brought up the handheld radios and mobile radios. The cost was quite high and many cities won't have the funding or will struggle to find the funding to be in compliance with the mandate. There was a brief discussion on unfunded mandates and the need for the state to participate in paying for the mandates. With the revenues this past year, it was a suitable time to approach the legislature for help.

Council Member Shelton commented he would love to see funding put into Utah Valley for transportation. There was a discussion on expansion of I-15 south of the Tech Corridor and how a new flyover in American Fork would help local traffic.

Mr. Bunker stated one issue was the drought. American Fork applied for a grant for installation of water meters for the pressurized irrigation system to help the residents see how much water they are using. He thought water conservation should be at the top. Again, there was a state mandate for metering pressurized irrigation and there will be issues trying to come into compliance. It was felt that assistance with water conservation should be a big priority.

Mr. Christofferson pointed out that the state legislature must look at what was best for the entire state and not just one or two cities.

Mike Kennedy arrived at 5:10 p.m.

With the arrival of Mr. Kennedy, they went over the items previously discussed: Utah Lake Commission, funding for roads, the flyover in American Fork, unfunded mandates for public

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safety radios, public safety personnel retention and retirement, and additional funding for pressurized irrigation meters.

With regards to the flyover, Mr. Kennedy questioned if they had a cost for the project and the response was approximately \$60 million. This flyover would assist with traffic and transportation. A working team would need to meet to go over the location and specifics of the project. While some would consider this a local road, there was an argument it would benefit the region with transportation. Mr. Kennedy wondered if they could put together a presentation that could go forward; he noted that Mr. Christofferson was a key player.

Council Member Hunter mentioned pensions and the challenge in retaining good public safety personnel. Mr. Kennedy agreed that retirement for public safety personnel needed to be looked at, as it not only affected public safety personnel but teachers as well. He would keep that on his radar.

The mayor and council expressed their appreciation for Mr. Christofferson and Mr. Kennedy.

2. Discussion on the city's financial position.

Mr. Bunker stated that Council Member Shelton had mentioned an issue that he would like additional information on. Mr. Bunker explained they go thru a process each year for the budget; they have a balanced budget and are very conservative on the budget. He wanted to be clear that toward the end of the budget year, they start to shut down spending and tell departments to be careful. At the end of the year, the money is rolled over to the next year. He turned the time over to Anna Montoya to go over the issues brought up.

Ms. Montoya explained Council Member Shelton sent a video asking for additional information. The presentation she has prepared addresses those issues. She pointed out that she cannot compare apples to apples as the city was different now than it was 10 years ago. There were policy decisions years ago that affected things today. The information they have before them today was true numbers for the general fund.

Ms. Montoya went over the revenues vs. expenditures since 2012 in the general fund. There was a time in the general fund where the expenditures were higher than revenues, but since 2019 they have had more revenues than expenditures. The city is required to have a balanced budget and adhere to that budget, and if necessary, funds from the fund balance can be used to assist in covering expenditures. Amendments can and have taken amendments to the council for approval.

Ms. Montoya commented she went over the budget and looked at why they had deficits. She noted the 10-year historical chart does include transfers, capital, and debt service, however, she also provided information that excluded transfers and CARES Act funds. By removing those transfer, it shows the true operating costs. That showed the expenditures were lower than revenues. They have transferred out funds for capital projects and debt service.

Ms. Montoya also provided information on the revenues and expenditures showing the different types of expenditures, such as operating and maintenance expenditures, capital transfers, debt service transfers, and other transfers. They were coving the operations. She noted the fund

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balance was also shown each year, and as of June 30, 2021, the fund balance was \$11.2 million dollars and was at 35%.

Council Member Shelton asked how they could go from a lower percentage to 35% so quickly. It was noted that would be explained later in the presentation. Ms. Montoya stated she wanted the fund balance to be at the maximum.

Ms. Montoya went over what happened over the last few years. There were debt obligations paid through FY2018 out of the general fund but since FY2019 they levied those obligations from the property tax and the property tax goes directly to the bond. It was explained that citizens voted for the GO bonds, but the city never collected the payments from the property tax to cover those bonds.

Ms. Montoya looked at FY 2018 to see why there was a deficit. The previous finance director pulled out the sanitation and road allocations out from the general fund and separated them. Because of that, some of the funds for those programs were taken from the fund balance.

Ms. Montoya wanted to show how the tax revenue trends, which is trending upwards. They keep a close eye on the sales tax revenues. One area they keep an eye on is auto dealerships; that could change in the future, and they must be careful.

Mr. Bunker explained they went through several versions of the revenue budget during COVID. They wanted to be conservative so they did not find themselves upside down during the year, and they would rather underestimate the revenue. Ms. Montoya stated that if revenues go south, they will need to look at operations and how to make cutbacks. The property tax stays level except for growth and debt service component, so they do need to look at that and have a discussion on property tax. The last time the city approved a property tax increase was in 2008.

Ms. Montoya stated in FY2019 they had an excess fund balance that was transferred to capital projects. They have since revised their policy to allow for the fund balance to meet the maximum.

Council Member Shelton asked if the CARES Act funding allowed them to get the fund balance up. Council Member Hunter commented it would be inappropriate to suggest the only reason they could achieve the 35% fund balance was due to CARES Act. Council Member Shelton stated that as a resident, he would wonder how they tripled the fund balance so quickly and felt they were able to do so because of the CARES Act. Ms. Montoya pointed out the sales tax has increased significantly, and the expenditures decreased.

When asked when the city would receive the ARPA funding, Ms. Montoya responded it should be this year but will be earmarked for a project and not operational expenses.

Ms. Montoya then went over the strategies they have used. When they budget, they build in contingencies, have conservative revenue estimates, balanced budget and have the maximum allowed fund balance. Some of the issues facing the city are inflation, operational cost increases including wages and benefits, growth, and infrastructure/capital needs. There are more needs that

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resources. The next steps were the budget process beginning in January and they can look at the forecasting then.

Mr. Bunker commented that Ms. Montoya hit the nail on the head when she said they have more needs than there are available funds; it has always been that way. The council participates in a priority-based budget process each year. Understanding some projects will not get funded, there will be some priorities the city council determines should be included.

Council Member Shelton expressed his concern they will not have the revenues needed in the future to have a balanced budget. The city does not have enough revenue to keep up with the growth of the city with regards to personnel, road funding, etc. Council Member Shelton had five ideas they could look at bring in additional revenue: (1) using PARC Tax funds for operations, (2) Justice Court, (3) Police/Courts building and the lease of the building, (4) renting of recreation fields, and (5) fiber. He noted these are ideas for increasing revenue while not increasing taxes and would show the residents they are maximizing all resources.

Council Member Shelton wanted to look at the PARC Tax issue sooner rather than later as they will start looking at applications shortly. Council Member Hunter pointed out there was a chance the PARC Tax could end, and they do not want to be dependent upon those revenues to cover operating expenses.

Council Member Hunter appreciated Council Member Shelton's ideas and for all the hard work staff has done to put the city in a better, stronger position.

Mayor Frost thanked everyone for their attendance.

3. Adjourn.

The meeting ended at 6:15 p.m.

A handwritten signature in dark ink, appearing to read "Terilyn Lurker". The signature is fluid and cursive, with the first name "Terilyn" written in a larger, more prominent script than the last name "Lurker".

Terilyn Lurker, City Recorder