

Minutes of the Finance and Administration Committee Budget Meeting

Bountiful City Hall Council Work Room

April 10, 2023 (8:00 a.m.)

Present:

Committee Members:	Kendalyn Harris (Chair), Jesse Bell, Millie Segura Bahr
Other City Council Members:	Cecilee Price-Huish, Kate Bradshaw
City Manager:	Gary Hill
Assistant City Manager:	Galen Rasmussen
Department Personnel:	Tyson Beck, David Burgoyne, Francisco Astorga, Ted Elder, Greg Martin, Shannon Cottam, Lloyd Cheney, Clint Drake

Official Notice of this meeting had been given by posting a written notice of same and an agenda at the City Hall and providing copies to the following newspapers of general circulation: Davis Journal, Standard Examiner, and the Utah Public Notice Website.

Committee chair Kendalyn Harris opened the meeting with a call to order at 8:00 a.m., and those in attendance were welcomed.

PRESENTATION OF BUDGETS

Overall Budget Review

Gary Hill provided an overview of the budget ([see the included summary page](#)). The overall budget includes a 5% COLA: 7% increase in health care premiums; merit pay increases for eligible employees; several market based compensation adjustments; additional of one part-time employee in Legal Department; and selected impacts to sales tax from legislation at the State level. A reduction in the property tax was made to account for the change in the way animal control is paid for (now a separate levy of property tax). This reduction in property tax revenue for animal control is balanced with an equal reduction in the animal control expenditure budget in the Police Department. A question was asked by Councilwoman Price-Huish as to whether property taxes will need to be raised soon to address reductions in taxes and corresponding needs for funding. Gary Hill indicated that the Finance Department would be prepared to better address the topic of future property tax increases as a part of the May 9th adoption of the Tentative Budget.

Finance Department

Tyson Beck, Finance Director, was asked to present the budget of the Finance Department. Tyson reviewed the recent combination of the Finance and Treasury Departments and Ted Elder was invited to provide an overview of how the City's investment portfolio was managed before March 2023 using

an external financial advisor in addition to the Treasurer's investment activities. Ted noted that he, the Finance staff and Assistant City Manager identified cost savings that could be achieved by having the entire city investment portfolio under the management of the City Treasurer. Additionally, it was mentioned that the utilities department could be consolidated under the Finance Department with a new Utility Billing Supervisor position utilizing some of the cost savings from change in investing activities.

With the above-mentioned changes now in place, the former Treasury employees will now be employees of the Finance Department. Savings from investing activities were about \$35,000 from moving away from an external investment manager for a portion of the portfolio. Overall, a savings of approximately \$18,000 annually was identified from all of the changes made. Tyson also noted that with the change of investment management, and combination of employees under the Finance Department, that the Treasurer position will assist with Finance functions, as needed.

The line-item budget for Finance was then reviewed. Personnel Services includes the 5% COLA, insurance changes, a combination of Treasury and Finance employees under the same department, and some market adjustment in salaries. Changes in operating and maintenance expenditures include changes in actuary fees for the City's former Other Post Employment Benefit Plan (OPEB); reduction in investment fees; and change in City credit card fee policy.

Debt Service Fund Budget

Tyson Beck presented the budget request for the Debt Service Fund. The fund used to collect property taxes designated for payment of general obligation bond debt. The fund is now used to account for the bond proceeds needed for construction of Washington Park and a city-wide trail system. Since this debt service fund is only for general obligation types of debt, any enterprise fund debt would be shown in the associated enterprise fund.

Cemetery Perpetual Care Fund

Tyson Beck reviewed the Cemetery Perpetual Care Fund with those in attendance. This fund is managed in association with the Engineering Department and the Cemetery Fund staff. The fund receives a portion of each cemetery lot sale to accumulate funds that will ultimately be used to care for the cemetery after it is closed to new sales. Revenues projected for the current year and for fiscal year 2023-2024 are based on historical levels of sales.

Landfill Closure Fund

As noted by Tyson Beck, the Landfill Closure Fund receives funds to care for the city-owned Landfill after closure. Funds in reserve are from a joint-use landfill fund prior to the City owning the landfill in

1 its entirety and funds set aside directly by the City from the time the landfill ownership was
2 transferred to Bountiful City.

3 **Human Resources Department**

4 Shannon Cottam, Human Resources Director, presented the budget of the Human Resources
5 Department. An outline of key roles in the department was provided including responsibility for
6 managing regulatory issues related to payroll and related areas, along with ongoing recruiting
7 challenges and successes in recent recruitments for city employment. Bountiful City has followed an
8 ongoing series of market studies for comparable positions with other governmental entities designed
9 to keep city job positions competitive in the marketplace. Shannon also noted that the city will again
10 hold an employee training day in October on Columbus Day. The training event will be entitled
11 "Connect 2023."

12 Councilwoman Bradshaw asked about performance measures and specifically those shown in the
13 Human Resources Department for the South Davis Recreation District work performed by the
14 department. Questions were addressed regarding the adequacy of the interlocal charge to the
15 Recreation District. Adjustments in the fee charged to the South Davis Recreation District are made
16 annually to recover costs of service. Committee member Bell asked for a description of the method
17 used to assess costs, Gary Hill noted that overall assessments are provided for time spent by each
18 employee in place of detailed timekeeping procedures as would be followed in billing by the hour.

19 A brief overview of the line-item budget was provided to highlight key points in the budget.

20 **Information Technology Department**

21 Greg Martin, IT Director, presented the budget for the Department including the fiscal priorities. The
22 department staff are involved in overall city projects such as the Fiber Optic project, SCADA
23 communication option changes and similar. A review of the line-item budget was provided along with
24 a review of the long-term capital plan. Questions from committee members were addressed.

25 **Computer Replacement Fund**

26 Greg Martin presented the budget for the Computer Replacement Fund. Fiscal year priorities were
27 outlined, and the fund has a five-year replacement schedule in place to keep technology options for
28 employees current. A notable budget reduction in the fund came because of a procedural change in
29 charging for software maintenance for their Office365 software. This category of software
30 maintenance is now directly charged.

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1 **Engineering Department**

2 Lloyd Cheney, City Engineer, presented the budget of the Engineering Department. Major projects
3 were reviewed, including the Fiber Optic project including the impact it will bring on staffing for
4 inspection and similar functions. Other major projects planned include continuing support for the
5 city-wide trails project and expanding the Engineering department's online presence for services
6 including excavation (encroachment) permits, subdivision applications, Lot Line Adjustment
7 applications, etc.

8 The line-item budget was reviewed including changes in the Personnel Services section due to market
9 adjustments, 5% COLA, insurance changes and merit increases. The Professional and Technical
10 Services line-item is down due to professional staffing capability being increased in-house.

11 A review of the department's long-term capital plan was made including a discussion on a major
12 project being funded by a FEMA grant to acquire large backup generators for key city facilities. Also, a
13 detailed outline was provided for Engineering fees and changes in those fees. Questions from the
14 committee were addressed to staff and answered particularly in connection with changes in fees.

15 A question was asked regarding overall city fees and when they will be effective. Gary Hill noted that
16 fees and charges will be presented for adoption by the Council at the first meeting in May along with
17 the Tentative Budget. This approach is being proposed now so that fees will be in place to capture
18 key revenue months for utilities such as water, power, and other related activities. Committee
19 member questions were asked about how public outreach will be accomplished to inform the public
20 of an early rate adoption and the reasoning for the increases. Gary Hill noted that notification will be
21 made as part of the budget process and at the meeting where the rates will be proposed for adoption.
22 Also, a letter to each home in Bountiful will be sent to inform rate payers of the planned power rate
23 increase ahead of the rates being adopted.

24 **Planning Department**

25 Francisco Astorga, Planning Director, presented the budget request of the Planning Department.
26 Francisco noted that the department follows a consistent series of fiscal priorities and practices.
27 Changes pending in business licensing and code enforcement rates and fees will be implemented in
28 the Fiscal Year 2024-2025 budget to implement better online access and digitizing of information.

29 Budget line-item changes were outlined in personnel services including a COLA of 5% and other
30 associated changes noted in other budgets. Overall changes in the operations and maintenance
31 budget section are related to changes in the city policy for passing along credit card fees and changes
32 in other line items such as insurance premium changes.

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1 **Redevelopment Agency (RDA) Fund**

2 Francisco Astorga reviewed the Operating Fund and Revolving Loan Funds budgets. Budget decreases
3 in the tax increment revenue line-item were mentioned along with increases in the Personnel Services
4 line-items for changes such as the 5% COLA and related items.

5 Questions from the committee were asked relative to the revolving loan fund and the funds disbursed
6 in connection with the development of the Renaissance Towne Center area. Gary Hill and Francisco
7 Astorga outlined the process for disbursing and accounting for the revolving loan funds including the
8 requirement that the developer meet specified project benchmarks or that the funds disbursed will
9 need to be repaid with interest at 3%. Currently, the developer on the project is not moving forward
10 in a rapid manner. Committee members expressed interest in staff maintaining regular
11 communication with the developer on the need for steady progress. The purposes of the revolving
12 loan fund and the regular RDA operating were outlined by Gary Hill. Galen Rasmussen noted that the
13 revolving loan fund holds approximately \$3.6 million, and the regular operating fund holds
14 approximately \$738,000 in funds for eligible purposes.

15 **Legal Department**

16 Clint Drake, City Attorney, reviewed the budget request from the Legal Department. A list of fiscal
17 priorities was provided including caseloads and similar data. The organizational structure of the legal
18 department was outlined including an increase in hours for one employee and the addition of a new
19 part-time employee that will be shared with the Police Department. The City Attorney provides
20 training for departments in legal and policy-related areas in addition to other legal work.

21 Changes in the line-item budget were outlined including a 5% COLA and related items with a further
22 description being provided of how the employees work within the various department functions. The
23 new part-time position will be involved in many activities including the review of sensitive information
24 prior to disclosure of that information. An additional area of change in the budget relates to funding
25 for public defenders with an increase of \$2,000 noted.

26 **Liability Insurance Fund**

27 Clint Drake presented the budget request for the Liability Insurance fund. Line-item changes in the
28 budget were briefly outlined.

29 **Workers' Compensation Fund**

30 Clint Drake presented the budget request for the Workers' Compensation Fund. Budgeted line-item
31 changes were noted with emphasis on increasing liability claims. Increases come from both past and
32 present claims being made by employees. A large claim was received recently and is now being
33 reviewed for its legal and fiscal impacts.

1 **Legislative Department**

2 Gary Hill presented the Legislative Department budget. Additionally, committee members were
3 directed to the General Fund revenue section of the budget document and a mention was made of
4 the change in the dollar amount of the transfer from the Power Department to the General Fund. The
5 increase in the transfer was due to the associated 15% increase being proposed in power rates.

6 Selected line-item budget changes were reviewed including pending election expenditures and small
7 changes in other line-items. The long-term capital plan was reviewed as well with comments on
8 pending projects and contingency amounts available, if needed.

9 **Executive Department**

10 Gary Hill presented the Executive Department budget. Line-item budget items for personnel services
11 were reviewed. No significant changes to report.

12 **Committee Action and Adjourn**

13 Committee chair Harris asked for a motion to approve the budgets presented. Committee member
14 Bahr made a motion for approval of all budgets presented. This motion was seconded by Committee
15 member Bell. Voting was unanimous with Committee member Harris, Bell and Bahr voting aye.

16 The meeting adjourned at 10:34 a.m. on a motion made by Committee member Bell and seconded by
17 Councilwoman Price-Huish. Voting was unanimous with Committee members Harris, Bell, and Bahr
18 voting "aye".

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Summary of Major Budget Topics

Fiscal Year 2024

Dear Council and Mayor

The following is a quick bullet point summary of the major factors driving this year's recommended budget. As usual, all these items will be discussed in detail during budget committee meetings, but we thought you would appreciate an overview prior to next week.

-Gary and Galen

Revenues

General Fund

- No recommended increase in property tax this year.
- Reduction of \$140,673 in property tax revenue due to creation of County Animal Control Tax Levy.
 - Offset by a corresponding reduction in the Police expenditures for animal control.
- Reduction in anticipated sales tax growth due to legislation:
 - Homeless shelter mitigation fund (estimated loss of \$167,750/year, increase from about \$80,000/year)
 - Gravel Pit legislation (estimated loss of 0.7%, or \$73,700/year)
 - Overall sales tax growth estimated at 4% over last year.

Power Fund

- 15% rate increase due to increased cost of natural gas, power, and materials and supplies.

Water Fund

- 5% rate increase due primarily to cost of materials, supplies, and services.
- \$400,000 loss of revenue due to water conservation last year.
- Creation of a new tier for major water users.

Recycling

- \$0.25 increase per recycling can

Cemetery

- Rate changes for non-resident plot purchases and burials
- Rate changes to all purchases for perpetual care
- Various policy changes (a draft is included with your Budget Document)

Expenditures

All Funds – Personnel

- 5% Cost of Living (COLA) adjustment for all employees
- 7% increase for medical insurance
- Market Study adjustments for 16 positions across 10 departments (30 employees total).

- Merit increases for qualifying employees (step and grade program)

General Fund

- Reorganization of Finance/Treasury/Utility Billing departments
- Estimated 6% increase in assessment for South Davis Metro Fire
- Removal of most credit card “convenience fee” expenditures from affected departments
 - No new full-time positions; one new part-time position shared between Legal and Police

Sanitation Fund

- Three departments are now combined into one fund:
 - Refuse Collection
 - Recycling
 - Landfill
- Two new full-time employees (approved by the City Council in October 2022)

Cemetery Fund

- Updated revenues and expenditures due to the proposed policy changes regarding resident and non-resident burials.

Power Fund

- Elimination of the budgeted (but not filled) line crew and related equipment approved by the City Council in 2021. This budget reduction is necessary to help reduce the size of the proposed 15% rate increase.

Fiber Fund

- You’ll notice this proposed fund is not included in the Tentative Budget. It will be created once the Operating Agreement with UTOPIA is approved and we have a clearer idea of revenues and expenditures.