

MINUTES OF THE BUDGET WORK MEETING OF THE SPRINGVILLE CITY COUNCIL HELD ON MONDAY, APRIL 24, 2023, AT 4:00 P.M. AT THE CIVIC CENTER, 110 SOUTH MAIN STREET, SPRINGVILLE, UTAH.

Presiding and Conducting: Mayor Matt Packard  
Elected Officials in Attendance: Liz Crandall  
Craig Jensen  
Jason Miller  
Mike Snelson  
Chris Sorensen

**City Staff in Attendance:** City Administrator Troy Fitzgerald, Assistant City Administrator/City Attorney John Penrod, Assistant City Administrator/Finance Director Bruce Riddle, City Recorder Kim Crane, Community Development Director Josh Yost, Public Works Director Brad Stapley, Assistant Public Works Director/Engineering Jeff Anderson, Assistant Public Works Director Jake Nostrom, Golf Pro Craig Norman, Public Safety Director/Police Chief Lance Haight, Fire Chief Hank Clinton, Library Director Dan Mickelson, Power Director Shawn Black, Administration Director Patrick Monney, Parks and Recreation Director Stacey Child, Parks and Recreation Assistant Director Tyler Wilkins, and Museum of Art Director Emily Larsen.

#### CALL TO ORDER

Mayor Packard welcomed everyone at 4:06 p.m.

#### WELCOME AND INTRODUCTION - TROY FITZGERLAD, CITY ADMINISTRATOR

Troy greeted everyone and informed them that the upcoming week could have the highest runoff water of the year, with an expected rate of around 500 cfs (cubic feet per second).

Mayor Packard then addressed the council and requested that Brad from Public Works contact Utah County to ensure that the debris basin is cleared in order to avoid any large water releases at once.

#### SHIFTING METHODOLOGY - A NEW BUDGET APPROACH - TROY FITZGERALD, CITY ADMINISTRATOR

Troy presented on how the city budget has evolved over the past 25 years, with changes in service levels due to growth and inflation. He noted that the current budget year had a new methodology, which included adaptive challenges. Directors were given base budget allocations to create new service levels and revenues, with guidance from Administration and Finance to balance the budget. Directors found the process challenging but responded positively, taking more ownership and engaging more with their departments. Troy and Bruce reported on the benefits of this new budget approach, including more director control and understanding of their budgets, as well as scalability as the city grows. However, a potential negative is the risk of accountability issues with more choices being made by directors.

Councilmember Snelson expressed his approval of the new budget approach, stating that it should have been implemented earlier.

Mayor Packard commented on the importance of trusting the directors to make the new approach work and commended them for their hard work.

Councilmember Crandall likened the new process to a grassroots movement, highlighting that the departments are accountable for their spending and know what they need.

## **AN OVERVIEW OF THE GENERAL FUND - BRUCE RIDDLE, ASSISTANT CITY ADMINISTRATOR/FINANCE DIRECTOR**

Bruce provided an overview of the general fund, stating that the Fire Department is now fully funded with an increase of up to \$1 million, and is operating at full service. Additionally, Bruce noted that insurance benefits have increased this year.

Bruce presented on General Fund revenues, noting that taxes accounted for less than half at 48%. Councilmember Crandall inquired about the proposed property tax increase and noted that Springville had not increased the mil levy for property tax or truth and taxation for approximately 25 years, with growth helping to offset the need for increases. Councilmember Jensen expressed his desire to avoid a property tax increase, citing the emotional nature of the process.

Bruce provided further information on the General Fund revenues. He reported that there would be a 6.9% increase in property tax rates and that energy use reflects higher utility costs. Sales tax reflects growth but may decrease depending on economics, and there will be no more ARAPA funds from the government.

Bruce also presented on the General Fund expenditures, which included full-time fire and EMS coverage, as well as personnel changes. Additionally, a large portion of the capital improvements are related to streets, specifically 1200 West, and most of these improvements are MAG Funded.

Bruce provided information on several projects, including a civic center gazebo, bike park, Memorial Park, mini-grants, and general fund operations, with a total cost of \$485k. Councilmember Crandall questioned the expense of the gazebo for the city park, and Stacey explained that it is a large gazebo meant for hosting performances and events.

Councilmember Jensen asked about the location of interest earnings in the budget. Bruce responded that there is a line item in the budget for interest earnings. Additionally, Councilmember Miller inquired about whether transfers can be handicapped. Bruce noted that each city is different, and some depend on whether they have a power facility. He also emphasized that transparency requires notifying citizens.

## **REVISITING OUR RESERVES - BRUCE RIDDLE, ASSISTANT CITY ADMINISTRATOR/FINANCE DIRECTOR**

Bruce gave an update on property acquisition funding. He explained that there was a problem during the current year, as \$6 million was spent on land at 1600 S, using the Capital Improvement Fund and creating a shortfall. The funds will need to be moved and brought to the council for approval.

Mayor Packard asked for more information on reserves and Troy agreed to add it to a work session in the future.

**BREAK            TIME OUT: 5:19 p.m.            TIME BACK: 5:32 p.m.**

## **A REVENUE REVIEW OF THE GENERAL FUND - TROY FITZGERALD, CITY ADMINISTRATOR**

Troy reviewed tax revenues and explained that some have limited use. He stated that approximately \$18 million will be spent in the general fund, with operating transfers based on employees. Additionally, there are about \$21 million in taxes and administrative transfers to spend this year.

Troy provided an analysis to the council based on the information discussed. He covered various topics, including the percentage of spending, tax cost per family, and the question of why families are charged for cemeteries and some other services. Troy explained that revenue recovery for cemeteries is upwards of 90%. Additionally, there were discussions about having a justice court if it is not required and

the expense that comes with it. Troy mentioned that he will likely bring back more information to the council on this topic.

Troy also discussed street fees, which were previously litigated with another city and are now legal, with more cities charging them. He asked the council if they were interested in this topic and would like more information.

Troy reviewed the debt service, and Councilmember Sorensen asked if any current bonds were up for refinance. Troy explained that they keep an eye on it and work with a bond financial advisor. Troy went on to review revenues, expenses, and tax burden by each department.

Troy clarified that Stacey did an analysis this year for municipal canyon parks and cemeteries, but he did not provide any information on the status of looking at old abandoned cemetery lots in response to Councilmember Sorensen's question and would look into bringing more information back to the council.

Troy brought up the possibility of switching to a regional dispatch system. However, the council came to a consensus that they would like to keep the current dispatch system in place since the dispatchers know the area and the officers well.

Councilmember Sorensen suggested looking into getting credit for cell phone fees for Springville. Troy asked if the council would like to consider implementing a streets fee instead of a property tax, to which the mayor suggested having a work session to discuss further. Councilmember Jensen expressed a preference for a streets fee over a property tax. Troy mentioned the fee/rate recovery policy and process and asked if the council would like to review and provide better direction. The council expressed a desire for more discussion. Troy also brought up the CRC and expressed a desire for further discussion later in the meeting.

#### **WAGES AND BENEFITS - PATRICK MONNEY, DIRECTOR OF ADMINISTRATIVE SERVICES**

Patrick presented a report on compensation increases over the past 24 months, with Springville receiving 23% in compensation increases and an additional 9.5% for police. For FY2023, he proposed a 3.5% to 4% increase. Other communities are also proposing increases, but it's not yet clear what has been approved. There was a discussion about reviewing compensation annually for each position, and some cities do reviews and increases later after the budget is passed. Councilmember Sorensen asked if attrition helps with the budget, and there was talk about an early retirement incentive. Councilmember Miller mentioned that the employment market will be changing over the next six months, which could lead to more applicants.

Patrick also reported on health insurance, with costs increasing by 22% this year. They went out to bid for health insurance and ultimately went with PEHP for a proposal. Troy mentioned that the staff is open to discussing benefits with the council, and Councilmember Miller suggested that employees pay a percentage of the insurance cost. Troy explained that they have been balancing the benefits over time and have been tracking the annual cost of family insurance, and they need to see the differential between the employer and employee.

#### **A CLOSE LOOK AT UTILITY RATES - SHAWN BLACK, POWER DIRECTOR, AND BRAD STAPLEY, PUBLIC**

Brad presented four items the budget is based on including the organizational structure of Public Works, funding of training and education, and developing deep maintenance routines. He reviewed the trends in solid waste and recycling and the expenses associated with truck parts and tipping fees. The recommendation is a 6.8% increase in solid waste and 8.8% in recycling, and Mayor Packard suggested doing some cost analysis. The budget also includes a 20-year plan cash flow analysis and comparisons of water, sewer, and stormwater rates with other cities.

Shawn reported on monthly market wholesale costs and proposed rate increases in September to let the fuel adder fee drop off. He also discussed the challenges for the FY2024 budget and suggested adding information to quarterly reports regarding marketplace rates for council review.

### **AN OVERVIEW OF THE ENTERPRISE FUNDS - TROY FITZGERALD, CITY ADMINISTRATOR**

Troy provided a report on rate comparisons for average homeowners compared to other cities. He also discussed the power adjustment and how it will impact smaller commercial businesses that are sensitive to rate increases. The proposed water/sewer/stormwater rates include base rate increases, and the Public Works Department is prioritizing a deep dive into underground operations. Stormwater fees were also discussed, as they do not currently cover drainage from the canyons, which would require a large pipe infrastructure. In terms of power, a capital project of 9.7 million dollars may not be enough, and the power purchase budget is up over 3 million dollars. Solid waste and recycling costs were also mentioned, and Councilmember Sorensen asked about the timeline for the completion of the solid waste building. In conclusion, golf revenues have been increasing, and deferred maintenance projects are starting to take place.

**BREAK OUT 7:44 p.m.      BACK 7:50 p.m.**

### **PUBLIC WORKS FACILITY OVERVIEW - BRAD STAPLEY, PUBLIC WORKS DIRECTOR**

Brad proposed a new facility for Public Works because of the growth of the community and increasing customers, which are currently served by three different locations. They are looking for short-term office space rental and covered facilities. The city owns a property by the Whitehead, and they would like to purchase adjoining property to build a new facility. Currently, they are using three bays at the power plant for equipment. Brad reviewed the costs, and there is \$500k for the purchase of the property. They plan to initiate planning and design, preliminary site work, with a budget of \$2.52 million in various divisions in the fiscal year 2023-2024. Water will stay at the 400 South compound, and Buildings and Grounds will be able to use the 400 South compound. There was a discussion about outsourcing garbage collection, but Brad said it would be at the whim of the market and level of service. There needs to be more discussion with the council about whether everything could be combined and the 400 South shop shut down.

### **CLYDE RECREATION CENTER REVENUE OVERVIEW - STACEY CHILD, PARKS AND RECREATION DIRECTOR**

Stacey presented an update on the CRC's five-year anniversary celebration and discussed some of the challenges they faced over the last year, including the unexpected wage increase for lifeguards. She shared that the membership grew and daily attendance is trending up, but last year's operating budget was in the red, and the goal is to reduce the gap and end the next budget year in the black. Councilmember Sorensen asked to see the cost of the bond and noted that it has lowered over time. Stacey proposed a 7% increase in membership fees, including swimming lessons, seals team, and water polo, as well as adding paying events and providing programs during off-peak hours and fitness events. Councilmember Miller asked about the limits on memberships or the number of people allowed inside the building at once, and Troy noted that they are looking at ways to handle numbers, such as limiting the number of people inside at one time and having them line up outside. Councilmember Sorensen suggested starting to look at a plan to expand for the future, including design and budget, and Troy noted that there is a concept that fits the original space.

## QUESTIONS AND CLOSING THOUGHTS - TROY FITZGERALD, CITY ADMINISTRATOR

During the city council meeting, there was a discussion about credit card fees. Councilmember Jensen asked about charging for credit card fees and Troy explained that many fees are tax inclusive. Bruce clarified that credit card fees are allocated out to departments and are part of the rate and fee that is recouped. Councilmember Sorensen inquired about the budget for Art City Days, stating that they saw it as less than \$10,000. Troy explained that there are several lines for different events. The council expressed its approval of the new budget approach.

## ADJOURNMENT

**Motion: Councilmember Jensen** moved to adjourn the meeting at 8:37 p.m. **Councilmember Crandall seconded** the motion. **Voting Yes:** Councilmember Crandall, Councilmember Jensen, Councilmember Miller, Councilmember Snelson, and Councilmember Sorensen. The motion **Passed Unanimously; 5-0**


## CLOSED SESSION, IF NEEDED - TO BE ANNOUNCED IN MOTION

*The Springville City Council may temporarily recess the regular meeting and convene in a closed session to discuss the character, professional competence, or physical or mental health of an individual, pending or reasonably imminent litigation, and the purchase, exchange, or lease of real property, as provided by UCA 52-4-205.*

There was none.

*This document constitutes the official minutes for the Springville City Council Budget Planning meeting held on Monday, April 24, 2023. I, Kim Crane, do hereby certify that I am the duly appointed, qualified, and acting City Recorder for Springville City, of Utah County, State of Utah. I do hereby certify that the foregoing minutes represent a true, accurate, and complete record of this meeting held on Monday, April 24, 2022*

DATE APPROVED: May 16, 2023

  
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Kim Crane  
City Recorder