

**CITY OF SOUTH JORDAN
CITY COUNCIL BUDGET MEETING #1
WORK ROOM**

January 31, 2023

Present: Mayor Dawn Ramsey, Council Member Jason McGuire, Council Member Don Shelton, Council Member Brad Marlor, Council Member Patrick Harris, City Manager Gary Whatcott, Deputy City Manager Dustin Lewis, Strategic Services Director Don Tingey, Planning Director Steven Schaefermeyer, IT Director Jon Day, City Engineer Brad Klavano, Fire Chief Chris Dawson, CFO Sunil Naidu, Police Chief Jeff Carr, Assistant Controller Nick Greer, HR Director Teresa Cook, City Recorder Anna Crookston, Meeting Transcriptionist Diana Baun, Associate Director of Public Works Ray Garrison, Director of Recreation Janell Payne, Director of Government Affairs Melinda Seager,

Absent: Council Member Tamara Zander

4:54 P.M.

A. Welcome, Roll Call, and Introduction – *By Mayor Dawn Ramsey*

Mayor Ramsey welcomed everyone and excused Council Member Zander.

B. Invocation – *By City Manager Gary Whatcott*

C. Discussion Item

C.1. Fiscal Year 2023-24 Budget

Deputy City Manager Dustin Lewis gave a brief overview of the planning and work leading up to this meeting.

CFO Sunil Naidu reviewed his prepared budget presentation (Attachment A).

Mayor Ramsey thanked staff for their hard work on the Truth in Taxation education campaign, and noted that South Jordan City was the only city nominated for an award in relation to that campaign.

CFO Naidu asked the council for their thoughts on doing a Truth in Taxation yearly.

Council Member Patrick Harris said they should be discussing that every year when they discuss the budget. He asked if they would still hold a Truth in Taxation if they decided no additional taxes were needed.

CFO Naidu responded that if the budget is balanced and everything can be covered, no, they cannot hold a Truth in Taxation without a deficit. If they do decide to raise taxes, there is a process required that involves him notifying the county of the city's intent which then sets off a sequence of events to include the Tax Commission and ultimately ends in the city being assigned a date for the Truth in Taxation meeting. The council and CFO Naidu discussed the timing on that process, as well as options other cities might be using to allow them a yearly Truth in Taxation.

Council Member Marlor noted that we could justify raising taxes to cover and keep up with Police and Fire salaries and benefits, since that budget will continue to grow.

CFO Naidu said they tried that route a few years ago, but if they were to do that today, property taxes would only cover about 75% of the cost.

Council Member Harris thinks this will need to be evaluated each year, and if needed they should be willing to do that.

Council Member Marlor noted the Truth in Taxation hearing allows the council to report to the residents, as well as recover funds that are needed. He also noted that since the amount we are allowed to capture from property tax adjustments is usually between \$10,000-\$20,000, that is just a drop in the bucket compared to the rest of the budget.

Manager Lewis said the budget is currently balanced, however depending on what happens at the legislature they may end up short on funds and need to decide on projects to cut or hold a Truth in Taxation to cover the new requirements.

Council Member Shelton noted that if the city is only approving a small part of new employee requests that essentially means everyone is accepting that levels of service will possibly drop or that staff has become dramatically more efficient.

Manager Lewis said it is a combination of both those things, and it's putting an additional burden on the existing employees.

Mayor Ramsey referenced the water crisis in Jackson, Mississippi and said that because they didn't fund adequate infrastructure maintenance and personnel, they now have a crisis with over 10,000 businesses and over 50,000 residents leaving over the last 10 years. Making sure the city has adequate staff is extremely important to avoid those kinds of disasters in the future.

Council Member Shelton asked about the city's retention rate last year.

Manager Lewis said it was about 12%, and that included retirements.

HR Director Teresa Cook said it was only a slight increase over the past year, which was 11%.

Council Member Harris said this discussion sounds very similar to the ones he is hearing in other business organization meetings, so this isn't really something unique.

Council Member Marlor said when he came to the city in early 2000, the city was very far behind with water infrastructure because the previous councils were not willing to step up and get those things done. They ended up having to bond for around \$42 million for 20 years to get that caught up. He feels that they need to stay up to date and decide if they keep up with bonding since future residents will benefit, or are there issues that need to be addressed and paid for now like safety.

Mayor Ramsey said that it sounds like the council doesn't want to plan on a Truth in Taxation every year, but it will be reassessed each year as a possibility.

Manager Lewis suggested continuing the Truth in Taxation education this year, reviewing the budget and explaining why or why not we are doing a Truth in Taxation. It would also be a good way to explain to residents what projects will not be done or completed when taxes are not raised.

City Manager Gary Whatcott noted that with all the growth currently and upcoming, it will be years before our budget is able to catch up. Every city is fighting this same battle when budgeting, and the state doesn't get on city levels to understand what's happening. He discussed impact fee laws, state involvement and how we have no control over many of the state's decisions that affect city budgets.

Manager Lewis said in March staff will come back and discuss what bills passed at the legislature, and what that means for our budget and the possible adjustments.

CFO Naidu continued with his prepared budget presentation (Attachment A).

Manager Whatcott discussed the new generation of workers and how they no longer place a value on benefit packages and stability, as they are more focused on the amount of their paycheck and their wages. That is something the city is going to have to navigate over the next few years while they try and keep current employees.

CFO Naidu continued reviewing Attachment A.

Council Member McGuire noted that the city had agreed they wanted to be in the top 5% in terms of wages for public safety employees, and he asked where we are at with general employees.

Director Cook responded there was a benchmark survey done, and depending on the position it ranged from 5% - 12% below market. If a position is at 5% or more below the market, they usually try and do a reclassification, which was done after this last benchmark survey. There have been some real changes, particularly with Public Works and Maintenance, that they have really paid attention to this past year.

Manager Whatcott said a big issue has been special districts, as they have a completely different arrangement in terms of how they deal with their constituent base and raising taxes. The city has lost a significant amount of Public Works employees to special districts, but that has finally started to fill back in.

Council Member Marlor asked how many employees the city lost specifically to competition.

Director Cook said the total other employment was 26%, but she didn't have the exact number of how many of those were lost to competition.

Manager Lewis said it was probably around a dozen people lost to competition based on the numbers.

Manager Whatcott also noted that the city lost a number of CDL employees to other companies due to many of those companies offering premiums for CDL licensed drivers.

Director Cook said they lost 19 employees from Public Works during the last fiscal year.

CFO Naidu continued with his prepared budget presentation (Attachment A).

The council and staff discussed the proposed SRO and Public Safety Retirement Bills and what those would mean for the city.

CFO Naidu continued review of Attachment A.

Council Member Marlor noted that they had previously discussed revisiting impact fee calculations more frequently to capture those changes, and asked if that was still the plan.

Director of Strategy & Budget Don Tingey said the water fees were recently done, Parks is on schedule for this year, and Public Safety was completed not too long ago.

Council Member Marlor said with the high inflation this past year, those fees should probably be addressed quickly since our costs are much higher across the board.

CFO Naidu continued review of Attachment A

Manager Whatcott discussed the proposed EV charging tax, along with the proposed lower gas tax and higher vehicle and trailer registrations.

CFO Naidu continued reviewing Attachment A

Manager Lewis said the next discussion for the budget will be during the work session on March 21 as that will be after all the legislation is finalized. They will bring the budget back and discuss any changes that are needed.

Council Member Marlor asked for everyone's opinions again on the possibility of a yearly Truth in Taxation; Council Member McGuire was a no and asking to reevaluate every year, Council Member Shelton was the same, Council Member Harris was a no as well but thinks it will be inevitable.

Council Member Shelton asked about the Mulligans \$50,000 CIP, and what that is for.

Director of Recreation Janell Payne said that is for one project, but many of the issues they are facing and projects that need to be done are bigger ticket projects. Their thoughts were to scale back on some of the smaller projects to save for the larger ones.

Director Tingey said there is still work going into those larger projects and deciding how they will put those together.

Council Member McGuire asked to readdress the concept that if they aren't bringing on new employees, they will be cutting service. He asked where they are having to cut back.

Manager Lewis said some of the requests were for Public Works Maintenance Workers, which may mean the sidewalk team may not get trip hazards cut as quickly as before, potholes not filled as quickly, and roads not plowed all at once. Communications was looking for people, Fire was looking for people to do community education and outreach which means people won't be able to call up the fire department and schedule a first aid or CPR class on demand, they will have to choose from other available dates. The Recreation Team asked for positions to support activities in the community, which means possibly less activities or less events at some of the activities. Facilities needed more workers for maintenance to keep things maintained, which means they will have to continue to burden the current employees or use more outside contractors at higher prices.

Council Member McGuire has every confidence that the current employees will continue to do the best they can, but he is very concerned about not looking at filling some of those additional positions. With the

activities, the city has been building a lot of momentum with the race and ruck series, and he'd hate to see those types of events lose traction. Things like plows, sidewalks and potholes are all things he hears about from constituents that matter. He appreciates staff bringing a balanced budget, but he is concerned about not fulfilling some of the other positions.

All council members agreed that some exploration could definitely be done in regards to the positions needing to be filled.

Council Member McGuire said that once he talked with residents and explained that the city doesn't control the school district, they didn't have a problem with the city's tax increase.

Manager Lewis said the increase last year was just to get caught up after the commitment required for Police and Public Safety; the last increase before that was to build a fire station.

Council Member Marlor said 2007 was the last time taxes were raised for the general budget.

CFO Naidu said they can't collect a bunch of money to hire someone in the future, they have to be falling behind for that to happen.

Council Member Marlor thinks the money could be allocated in a way that makes sense, but in terms of justifying Truth in Taxation to cover the increases for Public Safety he thinks it would be easily justified. How many years in a row has staff asked for 25 plus additional employees with only a small group approved. This happens year after year, and he doesn't think it's fair to employees or residents with the levels of service.

Manager Lewis mentioned the calls they were getting last year about parks not being mowed enough, and sports being difficult to play with the longer grass.

Manager Whatcott said they redid all contracts with baseball, and they are now obligated to maintain their own ballfields since we just don't have enough staff.

Manager Lewis noted that city staff will have some oversight, but the third parties will be doing the maintenance instead of city staff.

CFO Naidu said in the past, Class C funds allowed for a certain portion to be used towards Streets employee salaries, and that's what they were using for a long time. Then the decision was made to move away from that because our infrastructure needed more maintenance. They are still transferring between \$500,000-600,000 from Class C funds to employee salaries.

Council Member Shelton asked for more information on what we are not funding in more detail.

Manager Whatcott noted that they have been replacing transite pipes for years, and they are nearing the end of that project. Once that project is done it will free up money for other projects.

Council Member Marlor asked about the bonded money from 2002, and what that will be released for.

CFO Naidu said that is in the water fund, and after the last water study they were made aware of a few more projects in that area.

Manager Whatcott discussed the creative ways Director Klavano has done those transite pipe replacements to save the city money, like doing overlays or reconstructing at the same time as the pipe

replacement. Due to that creative planning, they have been able to use the water fund to help on the street side by doing the projects together.

Council Member Marlor asked for an email to show the monetary gap between the new positions that were created and the ones that were requested but not created.

The council agreed that an email would be sufficient, rather than a meeting, and staff agreed to work on that.

Manager Lewis said he will plan on making the study session on March 21 mainly focused on the budget to hopefully avoid another separate meeting.

Council Member Harris motioned to adjourn the City Council Budget Meeting. Council Member McGuire seconded the motion; vote was unanimous in favor. Council Member Zander was absent from the vote.

ADJOURNMENT

The Budget Meeting ended at 6:30 P.M.

This is a true and correct copy of the January 31, 2023 City Council Budget Meeting Minutes, which were approved on February 7, 2023.

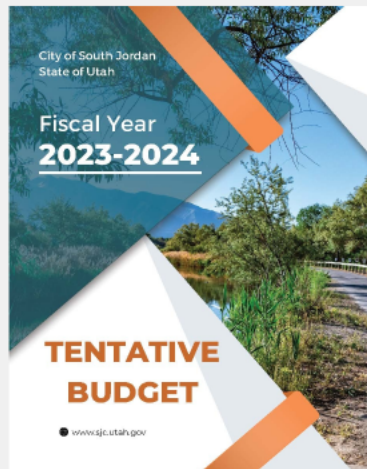
Anna Crookston

South Jordan City Recorder



PERSONNEL

LEVEL OF
SERVICE



LEGISLATIVE
MANDATES

NEXT STEP



STAFFING

Where we came from:



Here we are today:

TEAM

A Unified and Motivated Team

Great Team Pull Together

Common Goal

In Sync



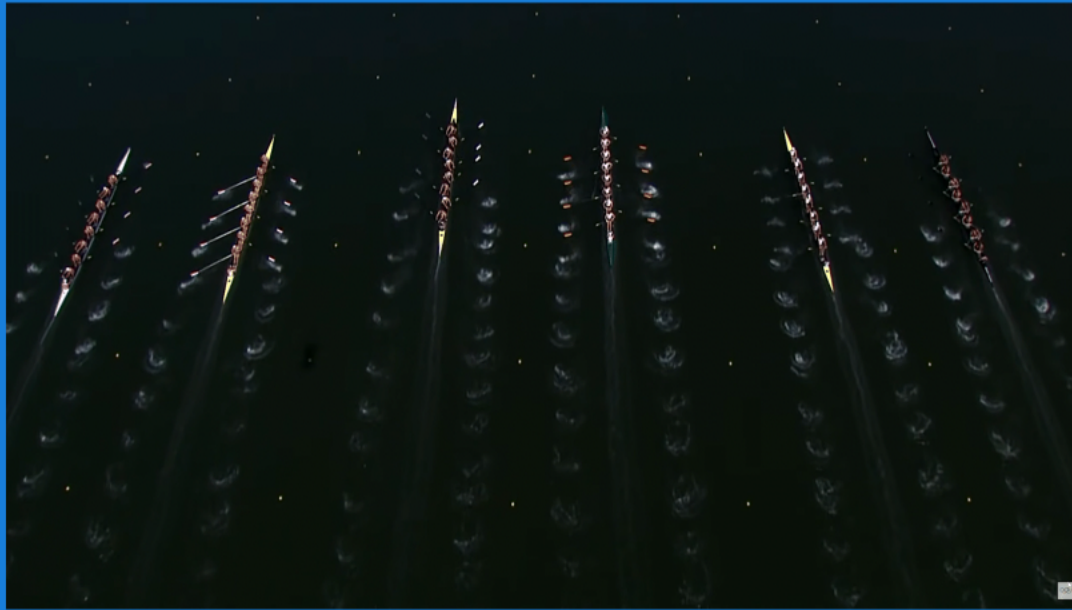
LEADER

Sets & Adjusts Direction

Calls Out Pace

Monitors Team Sequence & Execution

VISION



Overview - City-wide Budget

General Fund

Mulligans

Storm Drain

Water Fund

Sanitation Fund

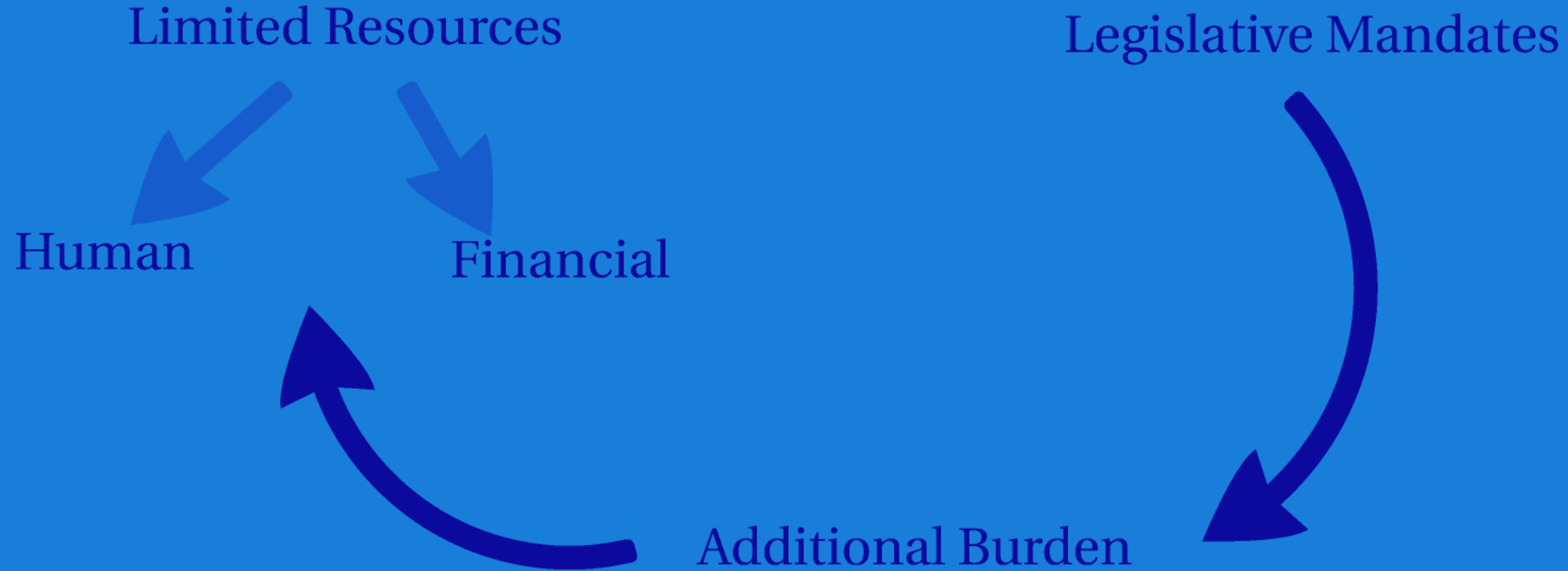
CDBG

Capital Projects Fund

RDA

Debt Service Fund

Challenges:



Financial Resources - Discussion:

Truth In Taxation:

What, Why, When?

Rates:

What, Why When?

Grants, Donation:

What, Why When?

Other Taxes:

What, Why, When?

Fees:

What, Why, When?

Financial Resources - Adjustments:

Sanitation Fund:

- 1st Can - \$0.42 (\$14.46)
- 2nd Can - \$0.28 (\$9.68)
- Senior - \$0.31 (\$10.71)

Why? Annual increase in hauling cost, increase in operational costs.

Storm Drain Fund:

- Increased - \$0.48 (\$8.51)

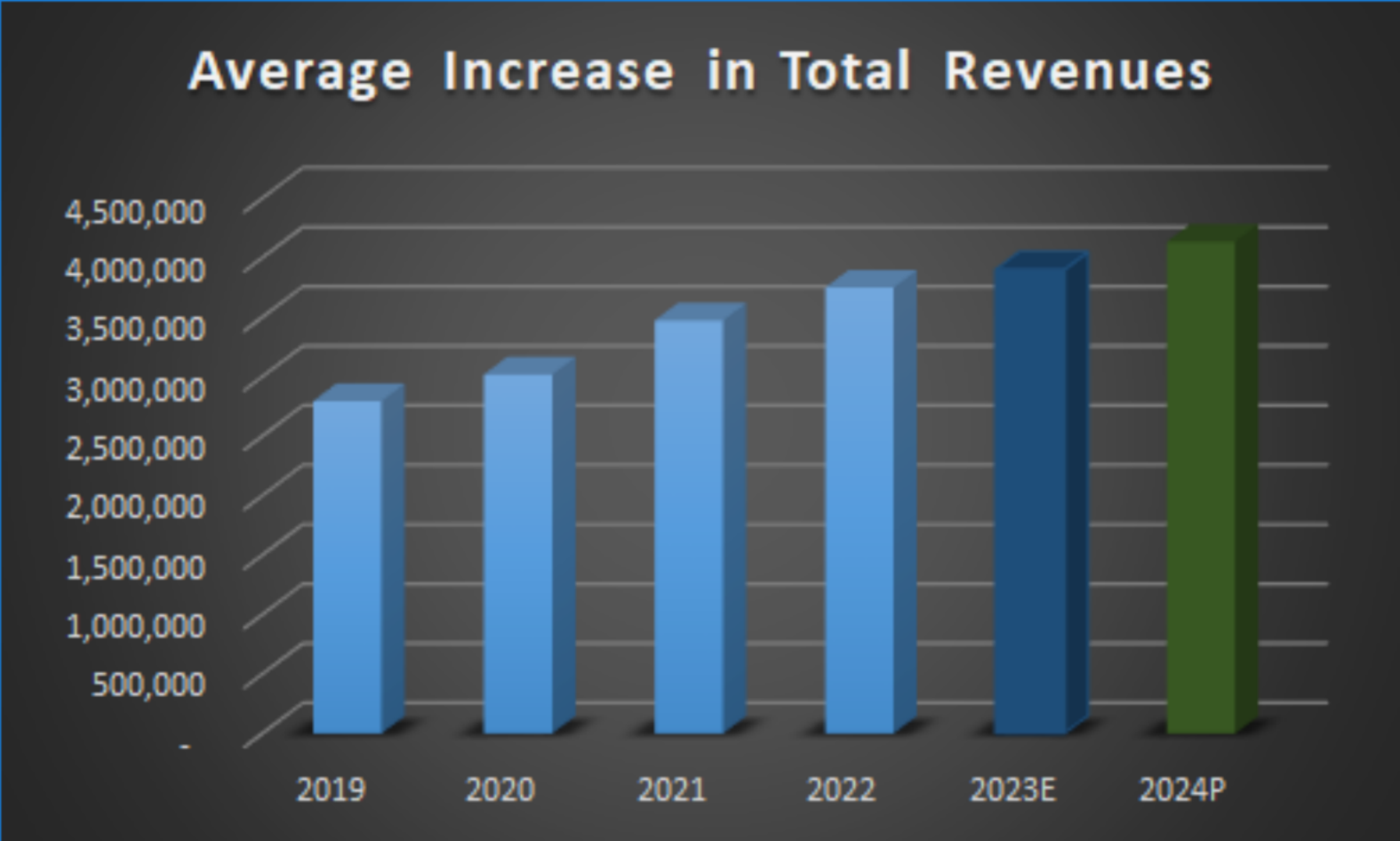
Why? Fund capital projects.

Water Fund:

- Base Rate - no change
- Usage Rate - 3.5% increase (\$0.09 average increase per tier)

Why? JWCD increased rates, fund capital projects.

Financial Resources



Personnel - Challenges

- Employee Turnover
 - *Retirement/Switching Jobs*
- Hard to Fill Positions
- Employee Costs
- Level of Service

Personnel - Strategy?

1. Take care of Current Employees

Retain Effective & Efficient Employees.

- *Competitive Pay*
 - *Top Five for Public Safety*
- *Competitive Employee Benefits.*



2. Prioritize and Add Employees

Maintain Culture & Environment

Personnel - FY2024 Budget Impact

Existing Employees:

General Employees: 4% COLA, up to 4% Merit.

Step Plan Employees: 4% COLA, 3% Merit

Budgeted 10% in Insurance Costs

Total Costs: \$4,038,127

Proposed New FTE's



Total Costs: \$659,466

Reclassification - PT to FT



Total Costs: \$96,336

Operations - Challenges?

- Increased cost of Materials & Supplies
- Increased cost of Labor
- Funding Mechanism
 - *Limited Resources - Personnel/Operations*

Operations - FY2024 Budget Impact

Funds Allocated:

Ongoing: \$756,203

One time: \$144,700

Total: \$900,903

General Fund - Summary

Revenues:	
Taxes & Fees	59,479,179
Admin. Fees	4,971,385
Transfers In	871,205
<u>Total Revenues:</u>	<u>65,321,769</u>
Wages & Benefits:	50,240,306
Operating Expenditures:	10,643,075
Transfers Out:	
Debt Service Payments	2,652,241
Public Safety Equipment	1,786,082
<u>Total Expenditures:</u>	<u>65,321,769</u>

Infrastructure - Challenges

- Increased cost of materials & supplies
- Capacity as the City grows
- Limited resources
- Inconsistent funding

Infrastructure - Solutions

- Prioritize and Fund Capital Projects.
- Maintain Current City Infrastructure.
- Consistent Funding (City/State/Federal)
 - Ability to plan (react)

Infrastructure - Funded Project

Funding Source	New Infrastructure	Maintenance & Operations	Total Budgeted
Class C Funds	-	1,826,000	1,826,000
Transportation Sales Tax	920,000	380,000	1,300,000
Park Impact Fees	302,000	-	302,000
Transportation Impact Fees	150,000	-	150,000
Storm Drain	810,000	100,000	910,000
General Capital Funds	640,000	3,875,000	4,515,000
Culinary Water Funds	6,430,000	460,000	6,890,000
Secondary Water Funds	100,000	-	100,000
Mulligans	50,000	-	50,000
FY2024 Capital Funding:	9,402,000	6,641,000	16,043,000

Legislative Mandates

- SRO's - FTE's may be needed.
- Public Safety Retirement - 4.73% Increase.
- Sales Tax on Gas
 - Lowers Gas Tax
 - Increases Registration Fee

Next Step?

- Monitor Legislative bills and its impact.
- May need additional Council meeting to address impacts.
- Adjust Budget as needed.

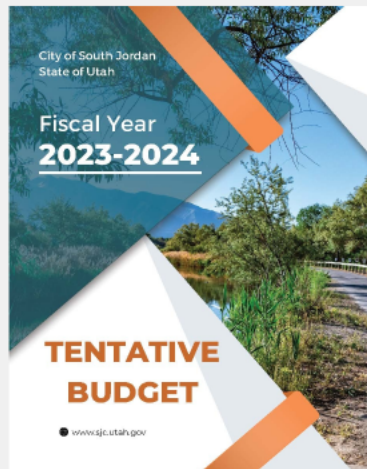
Adopt FY23-24 Tentative Budget

March 21, 2023



PERSONNEL

LEVEL OF
SERVICE



STAFFING

LEGISLATIVE
MANDATES

NEXT STEP