

**MINUTES OF THE CITY OF HOLLADAY
CITY COUNCIL WORK MEETING**

**Thursday, May 9, 2024
5:30 p.m.
Mount Olympus Room
4580 South 2300 East
Holladay, Utah**

ATTENDANCE:

Mayor Rob Dahle
Paul Fotheringham
Drew Quinn
Emily Gray
Ty Brewer
Matt Durham – *excused*

City Staff:
Gina Chamness, City Manager
Stephanie Carlson, City Recorder
Jared Bunch, City Engineer

I. *Welcome* – Mayor Dahle.

Mayor Rob Dahle called the Work Meeting to order at approximately 5:30 p.m.

II. *Discussion on Tentative Budget.*

a. *Overview of Budget – Gina Chamness.*

Manager Chamness shared information about the budget process. She hoped the City Council Members had an opportunity to review the budget document received last week. Time will be spent looking at high-level numbers and then there will be more specific presentations on the funds.

b. *Revenue – Gina Chamness.*

Ms. Chamness shared a chart that reviewed the revenue sources in the General Fund over time. Property tax and sales tax are approximately 80% of the revenue in the General Fund. The City receives approximately 8% of General Fund dollars from intergovernmental sources. There are fairly consistent numbers for Business Licenses and Building Permits over time at approximately 4%. Justice Court revenue is approximately 4% and there are some small-dollar charges for services.

On the expense side of the General Fund, police services are the largest share of the budget at approximately 35%. Fire services are approximately 14%. The two public safety contracts account for approximately 50% of the General Fund budget. Ms. Chamness reported that the police side of things has grown a lot in recent years. Fire has grown more slowly over time than police services. In the General Fund, she stated that a significant component is the public works contract with Salt Lake County.

Ms. Chamness discussed the non-departmental category, which includes transfers to the Capital Projects Fund and Debt Service Fund. There are also a few smaller items included in the expenses portion of the budget. The expenses remain fairly consistent over time. Looking at the General Fund budget by expense type highlights the City model that focuses on services. She noted that many are provided by contract. Approximately 70% of the money spent out of the General Fund relates to

charges for services. Less than 15% is for Staff in the City Hall building who provide those direct services to residents.

Approximately 11% of the overall budget is in the Contributions and Transfers to Other Funds section. This includes transfers to the Arts Council Fund, Debt Service, Capital Projects, and so on. Just under 5% is spent on operations engagement. By far, the largest expenses are the charges for services from other agencies.

Ms. Chamness shared additional information about the personnel costs. Approximately \$3.5 million is budgeted for Fiscal Year 2024-2025 for personnel costs. 65% of that is related to wages and 30% is related to benefits. This means that the City is providing a rich benefit package for employees. There are a variety of retirement system programs and a match is provided for the contributions. Mayor Dahle asked whether other cities provide a 401(k) match. Most cities participate in Utah Retirement Systems (“URS”), but what is rare is the richness of the matching program. There was a discussion about the matching program and employee satisfaction rates. It was noted that some employees have expressed appreciation for what is offered by Holladay.

Ms. Chamness shared a presentation slide that further illustrated the personnel costs. It looked at both Staff and elected officials. 90% of personnel costs are related to Staff as opposed to elected officials. She pointed out that the Justice Court Judge is an elected official. His full-time salary and benefits are included in the elected officials' line item. Council Member Brewer asked whether the Planning Commission is compensated. Ms. Chamness confirmed this and stated that Commissioners are compensated \$45 per meeting. Health insurance costs increased by almost 5% this year. There are some market adjustments and expected promotions included in the budget, which is approximately \$32,000. Cost of living adjustments (“COLA”) is listed at 4%. Those were the major personnel changes proposed.

A more in-depth review of the revenue information was shared. Ms. Chamness pointed out the General Fund revenue sources. A little more than 80% of the General Fund revenue comes from taxes. Property tax is the most stable revenue source. In good times, the City does not receive a windfall from changes in property valuations, and in bad times, the revenue remains consistent. This is beneficial because it ensures the City remains stable over time. As for sales tax, that is a volatile source of revenue. Having looked at the expense side of the budget, it is difficult to make adjustments given the fact that so much of the budget is focused on service contracts.

There was a discussion about previous property tax increases. Ms. Chamness informed the Council that in 2021, the first property tax increase occurred. Council Member Brewer noted that there has been a more recent surge in sales taxes, but that has since leveled off. Mayor Dahle asked whether it would be possible to compare the current numbers to numbers from 10 years ago.

Since it is not anticipated there will be a growth in sales tax, the Tentative Budget includes a 15% property tax increase that will generate approximately \$1.1 million. This is something the City Council can consider and evaluate during the budget process. Mayor Dahle pointed out that the idea is not to have to do this again for four or five years. He referenced the police and fire increases that need to be accommodated. Council Member Gray asked where the additional revenue will be located in the budget. Ms. Chamness clarified that it becomes part of the Fund Balance and is available to use as needed. Council Member Brewer asked about the costs associated with the Truth In Taxation

process. Ms. Chamness reported that the actual costs are not significant. There are some public noticing requirements and there is a public engagement process. Council Member Brewer wanted to discuss the frequency of the increases. He prefers more frequent, but not as substantial, property tax increases. Inflation needs to be taken into consideration as do unexpected financial circumstances.

Mayor Dahle agrees that the Council should discuss the frequency of the increases. Council Member Fotheringham believes every three years or so is appropriate. Council Member Gray asked whether the current increase proposed would ensure there is no other increase for the next three or four years. Mayor Dahle believed for the increase to last for three or four years, the Fund Balance would need to be utilized. Ms. Chamness explained that a lot depends on the size of the increases seen in the contracts. If there is more stabilization and growth in sales tax, that will impact the amount of time that can pass before a property tax increase becomes necessary. Council Member Fotheringham pointed out the Spring Lane Elementary project and the City Hall project.

Council Member Quinn asked about the Cottonwood Mall project. Ms. Chamness reported that a fair amount of increment has been seen, but most of the property tax and sales tax is shared through 2038. Additionally, there was a discussion about the RDA project and what will come to the City.

There is a change in the budget for the cost of the prosecutor. There has been an increase in the time the prosecutor spends on cases and an increase has been requested, with the assumption that Millcreek will pay for that increase. Based on feedback so far, she believes there is satisfaction with the service.

c. *Public Services General Fund – Jared Bunch.*

Jared Bunch, City Engineer, shared information about Public Services. He reviewed presentation slides with the City Council. There have been some struggles with seasonal hiring. The positions increased from \$15 per hour to \$16 per hour and additional applications have been received since making that change. Mayor Dahle expressed concerns about the ability to keep up with the City's infrastructure. He wanted to know if there were enough employees available to handle the work. Mr. Bunch believes it makes sense to start with the fourth full-time person and then check in to see if there are additional needs that are not being met.

Mr. Bunch discussed the full-time employees and seasonal employees. Mayor Dahle understood the challenges with hiring. He acknowledged that there are limitations to what can be done, but the wages have to be fair for the market. Ms. Chamness reported that what is being offered is within the range of the market. The labor market is tight at the moment.

Mr. Bunch reported that the expenditures come out of three different funds: General Fund, Capital Projects Fund, and Stormwater Fund. He highlighted some information about those funds. The Salt Lake County Public Works contract has increased by about 5% and that translates to approximately \$150,000. That increase is mostly to cover inflationary costs for labor, materials, equipment, maintenance, and replacement. That seems to be on par with increases seen in other departments.

The new Parks position would come out of the General Fund. Mr. Bunch reported that there is a desire to transition some of the equipment to electric. \$10,000 would cover the change out for those.

d. Stormwater Fund – Jared Bunch.

Mr. Bunch next shared information about the Stormwater Fund. There is no proposal to increase the Stormwater Fee that is being collected, but it is something that will be discussed by the City Council next year. Approximately \$1 million is collected through the Stormwater Fee annually. That leaves a little over \$300,000 to spend on stormwater. An increase to the Stormwater Fee is not needed at the current time, because of the money from the bond. The bond will be spent in 12 to 18 months. At that point, the City will need to rely on the delta between the Stormwater Fee and the debt service, so decisions can be made about the fee at that time.

e. Capital Projects – Jared Bunch.

Mr. Bunch next discussed the Capital Projects Fund. Some funds have been set aside to hire a consultant for the complete design of the City Hall building and to engage a consultant for construction. He clarified that construction will not be started with these funds, because there need to be additional discussions with the Council about how to fund the construction. However, to keep the momentum going, there is a desire to engage the consultant on the complete design. Mayor Dahle asked whether the consultants could provide construction cost estimates. Mr. Bunch stated that there is satisfaction with the work done by Process Studio and the intention is for them to continue the work. There is a full cost estimate based on the preliminary designs that were completed and presented.

Mayor Dahle asked about the \$350,000 line item in the budget. Mr. Bunch explained that the preliminary design is a 50% design. The goal is to have the completed set of documents ready in the late fall. There was discussions about the contemplated City Hall building project. Mayor Dahle believed there is a commitment to move forward with this and to finalize the details. He pointed out that decisions also need to be made about the Spring Lane property.

Council Member Brewer pointed out that the City Hall project is largely focused on the safety of City Staff in the event of a seismic issue. Mr. Bunch stated that it will not be an easy remodel or seismic upgrade. In addition to the City Hall project, the City is looking into the possibility of adding bus shelters with \$30,000 budgeted for that work. Council Member Fotheringham asked whether the Utah Transit Authority (“UTA”) has expressed a desire to participate. Mr. Bunch reported that there have been conversations with UTA about bus shelters. Council Member Gray asked whether it is possible to use the UTA data to determine which bus stops in Holladay should be prioritized for the City. Mr. Bunch confirmed that the City has access to that data. It is possible to consider a shelter for the busiest bus stop first. The point is to test out a shelter and see what the reaction is. If it is beneficial, there can be broader discussions.

Mr. Bunch reported that there are two rubber playground surfaces, one in City Park and one at Knudsen. It is highly recommended that those be sealed bi-annually for \$35,000 to seal the two rubber surfaces, but this extends the life of the surfaces. Mr. Bunch noted that there is a \$2,300 discount when both of the surfaces are done at one time. This work will shut down the playground for at least one full day as it takes time for the seal to dry. He pointed out that the work needs to be done in certain temperatures and hotter temperatures are best.

There was a discussion about the future City Hall project. Mr. Bunch reported that he asked the consultant to include the replacement of all HVAC units on the City Hall side and leave the ones in

the police precinct alone. Ms. Chamness noted that the consultant had presented that as a potential add-on item.

Mayor Dahle wanted the Council to have an idea of the Fund Balance position. The Council needs to understand where the Fund Balance for the General Fund is and where the Fund Balance for the Capital Projects Fund is. The Fund Balance at the end of the Fiscal Year is listed as \$7.6 million. Of that amount, \$1.8 million is restricted. The previous Council's direction was to look at using that money on a park project like Spring Lane. Mayor Dahle noted that the Council has always tried not to reduce the Fund Balance below 20%. This ensures that there are funds available in case of an emergency. Ms. Chamness noted that if the goal is 20%, then just under \$5 million would need to remain there.

The Council shared comments about the City Hall and Spring Lane projects. Mayor Dahle pointed out that unless the Council is considering another revenue source, the Spring Lane work will likely need to be phased. The life/safety issues for the City Hall building are a priority, but the City will do everything possible to budget and find funds for the Spring Lane property. That being said, he anticipates that Spring Lane will be a five-year phased project. There was discussion about the American Rescue Plan Act (“ARPA”) funds and how to spend those. Council Member Fotheringham stressed the importance of educating residents about City Hall and Spring Lane.

III. Other Business.

No additional business was discussed.

IV. Closed Session Pursuant to Utah Code Section 52-4-204 and 205 to Discuss the Physical or Mental Health or Professional Competence of an Individual, Potential Litigation, Property Acquisition and Disposition.

There was no Closed Session.

V. Adjourn.

Council Member Fotheringham moved to ADJOURN. Council Member Quinn seconded the motion. The motion passed with the unanimous consent of the Council.

The City Council Meeting adjourned at approximately 7:00 p.m.

I hereby certify that the foregoing represents a true, accurate, and complete record of the Holladay City Council Meeting held Thursday, May 9, 2024.

Stephanie N. Carlson, MMC
Holladay City Recorder

Robert Dahle, Mayor

Minutes approved: **July 11, 2024**