HIGHLAND CITY COUNCIL WORK SESSION
Monday, April 30, 2024
Highland City Council Chambers,
5400 West Civic Center Drive, Highland Utah 84003
Approved May 21, 2024

7:00 PM WORK SESSION
Call to Order – Mayor Kurt Ostler
Invocation: Council Member Doug Cortney
Pledge of Allegiance: Mayor Kurt Ostler

The meeting was called to order by Mayor Kurt Ostler as a work session at 7:08 pm. The meeting agenda was posted on the Utah State Public Meeting Website at least 24 hours prior to the meeting.

PRESIDING: Mayor Kurt Ostler

COUNCIL MEMBERS: Brittney P. Bills – present
Ron Campbell – present
Doug Cortney – present
Kim Rodela – present
Scott L. Smith – present

CITY STAFF PRESENT: City Administrator Erin Wells, City Engineer/Public Works Director Andy Spencer, Planning Commission Secretary Heather White, Finance Director David Mortensen

OTHERS PRESENT: Jon Hart, Liz Rice

1. FY2025 BUDGET
The City Council will discuss the Highland City FY2025 budget. No formal action will be taken.
Finance Director Mortensen used the aid of a PowerPoint presentation to present the tentative Fiscal Year (FY) 2024-2025 budget; he presented a spreadsheet providing a summary of all funds in the budget and he highlighted the use of fund balance and estimated ending fund balance if the proposed revenues and expenditures are accepted as proposed. He also provided a chart illustrating the breakdown of General Fund revenues and expenditures. He then discussed changes to the budget document since the Council's last review of it on March 19, 2024:

- Sales Tax Projection Increased – $30,000
- Interest Revenue Adjusted
  - -$95,000 in Parks Capital Fund, -$25,000 in Transportation Fund
- Wages for URS Tier II Employees Increased – $12,631
- Administrator Allocations Adjusted
  - No increase, just shifted to different funds.
- Community Events & Code Compliance Adjusted
  - Events wages increased $7,000 and Code Compliance hours increased $8,269.
- Medical and Life Ins. Benefit Adjusted – -$33,324

- Replaced the 10% placeholder with 4.65% increase (actual bid from a new provider).
- Training Software Added in Human Resources – $3,000
- Appeal Authority Budget Moved to Building & Development Fund - $3,500
- Yard of the Month Banner Added - $1,000
- Lone Peak Public Safety Costs Decreased
  - Admin -$335, Police -$71,123, Fire -$78,351
- General Plan Increased - $10,000
- Canterbury Trail Budget Added - $60,000
- Most of Road Fee Study Budget Moved to Road Fee Projects - $115,000

Mayor Ostler asked for a brief explanation of the increased URS costs. Mr. Mortensen indicated that URS contribution rates have increased, but the City is only allowed to pay a certain percentage for non-sworn employees. City Administrator Wells indicated that some cities have considered increasing employee wages to offset the amount they will be required to pay for URS contributions, given that the City is only allowed to pay a certain amount. There was also a brief discussion about medical benefits offered to City employees and the portion of the costs of those benefits that the City covers.

Mr. Mortensen then stated potential changes still to come include:

- Sewer Fees as a Result of the Recent TSSD Increase
  - Staff has projected expected increases to revenue and expenditures
  - An update to the rate study is underway
- Certified Property Tax Rate
- Wage Study and Market Adjustments
  - 5% increase currently built into budget
- Election – Potential School District Changes
  - Currently budgeted, but could be removed if there will be no election.

The Mayor and Council engaged in discussion with staff regarding the methods that are being used to perform a market study and to determine the wage increases that are being recommended for employees; increases are related to median market salaries and not all employees will receive a five percent increase. Council Member Cortney stated that he is willing to consider an additional one-percent increase for top performers and in order to be competitive with the wages that have been approved for Fire and Police Departments. This led to philosophical discussion and debate of whether the City should provide merit and market adjustments to City employees; Ms. Wells stated she feels it is absolutely necessary to provide market adjustments in order to remain competitive with other government entities. However, she feels that a merit adjustment is also valuable for top performers. Council Member Campbell stated that it is important to define appropriate and measurable objectives in order to implement a merit system; if it is done incorrectly, a merit system can do more harm than good for an organization. Ms. Wells agreed.

Items for continued Council discussion/decision include:

- Alpine Highway Fence – Agenda Item May 7
- Legislative Consultant Contract – Currently in Culinary Budget
- Use of Net Revenue/Fund Balance
  - Power Conduits for Lights at Mountain Ridge Park - $100,000
  - Maintenance Building at Mountain Ridge Park - $200,000
  - Highland Blvd Matching Increase to Full Match - $450,000
  - Emergency Manager/Storm Drain Employee - $105,000
  - More Funding for Traffic Calming Toolbox

The Council and Mayor discussed the Legislative Consultant Contract and whether to continue that contract in the next budget year; Council Member Rodela argued that the City can manage its own grant writing or pursue other options; the consultant that was hired was not as successful as in years past because grant funds and programs were reduced across the board. Council Member Smith stated he is open to considering a continuance of the contract and is awaiting the outcome of pending grant applications the consultant has managed.

There was then discussion of the timing of the maintenance building at Mountain Ridge Park; City Engineer/Public Works Director Spencer stated that staff is open to considering phasing of the project based upon final decisions made by the Council, but the maintenance building is critical to special events that are held or staged at the park or nearby.

Several options regarding use of General Fund balance have been considered and Mr. Mortensen discussed the impact each option would have on the City's reserve funding:

- $0 Fund Balance Use – Estimated $5,522,265 (43.3%)
- $440,000 Fund Balance Use – Estimated $5,082,265 (39.8%)
  - This is the amount currently proposed in the tentative budget
- $890,000 Fund Balance Use – Estimated $4,632,265 (36.3%)
- $1,090,000 Fund Balance Use – Estimated $4,432,265 (34.7%)
- $1,340,000 Fund Balance Use – Estimated $4,182,265 (32.8%)

Mr. Mortensen concluded by discussing the budget calendar, noting that final budget option is scheduled to occur during the Council's June 18 meeting. Related budget items to be acted upon during the June 18 meeting include:

- Public Hearing for Fiscal Year 2024-2025 Enterprise Fund Transfers
- Public Hearing for Fiscal Year 2024-2025 City Officer Compensation Changes
- Adoption of Final Highland City Fiscal Year 2024-2025 Budget
- Adoption of Certified Tax Rate for Fiscal Year 2024-2025
- Adoption of Consolidated Fee Schedule for Fiscal Year 2024-2025
- Adoption of Final Budget Adjustments for Fiscal Year 2023-2024 Budget

Council Member Smith complimented Mr. Mortensen on his presentation and improvement of the budget format; it is the best and most transparent budget document he has seen in his time as a Council Member. He thanked Ms. Wells for her efforts to improve the budget document as well.

Mayor Ostler facilitated discussion among the Council about the matters they would like to focus on in the upcoming budget open house meetings. He and Mr. Mortensen also solicited feedback regarding their budget priorities and any recommended changes to the budget; this included a focus on the maintenance facility at Mountain Ridge Park; traffic calming projects (including opportunities for addressing on-street parking near Long Peak High School); conduits for lights and security equipment at Mountain Ridge Park; an Emergency Manager position; and various park amenities. Ms. Wells and Mr. Mortensen indicated they will use the feedback provided to further adjust the budget document and to prepare the presentation for the upcoming budget open house. Outstanding items for which a decision was not made will be added to future agendas for continued discussion and action.

ADJOURNMENT

Council Member Kim Rodela MOVED to adjourn the meeting. Council Member Scott Smith SECONDED the motion. All voted in favor and the motion passed unanimously.

The meeting adjourned at 9:12 PM.

I, Heather White, Planning Commission Secretary, hereby certify that the foregoing minutes represent a true, accurate and complete record of the meeting held on April 30, 2024. The document constitutes the official minutes for the Highland City Council Meeting.

Highland City
Fiscal year 2024-2025 Tentative Budget

April 30, 2024

HIGHLAND CITY

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All Funds Summary

ALL FUNDS SUMMARY

Fund	Estimated Beginning Fund Balance	Budgeted Revenue (Including PY Fund Balance)	Budgeted Expenditure (Excluding Depreciation)	Net Revenue (Including PY Fund Balance & Excluding Depreciation)	Use of PY Fund Balance	Estimated Ending Fund Balance
General Fund	$ 5,225,300	$ 13,385,121	$ 13,088,156	$ 296,965	$ 440,000	$ 5,082,265
Open Space Fund	$ -	$ -	$ -	$ -	$ -	$ -
Cemetery Perpetual Fund	$ 99,938	$ 436,417	$ 320,947	$ 115,470	$ 70,917	$ 144,491
Library Fund	$ 93,571	$ 452,500	$ 450,789	$ 1,711	$ 25,000	$ 70,282
Parks Tax Fund	$ 219,437	$ 184,000	$ 175,000	$ 9,000	$ -	$ 228,437
Building & Development Fund	$ 276,349	$ 1,139,000	$ 1,113,471	$ 25,529	$ -	$ 301,878
Debt Service Fund	$ 447	$ 951,257	$ 951,257	$ -	$ -	$ 447
Parks Capital Improvement Fund	$ 4,116,306	$ 2,564,876	$ 2,564,876	$ -	$ 1,719,876	$ 2,396,430
Roads Capital Improvement Fund	$ 537,060	$ 995,000	$ 995,000	$ -	$ -	$ 537,060
Buildings Capital Improvement Fund	$ 2,102,938	$ 1,922,100	$ 1,922,100	$ -	$ 1,807,100	$ 295,838
Town Center Exaction Fund	$ 79,383	$ -	$ -	$ -	$ -	$ 79,383
Sewer Fund	$ 2,882,557	$ 3,212,948	$ 2,712,948	$ 500,000	$ 92,948	$ 3,289,609
Pressurized Irrigation Fund	$ 4,417,506	$ 7,991,477	$ 7,471,477	$ 520,000	$ 1,483,477	$ 3,454,029
Storm Sewer Fund	$ 1,777,974	$ 1,255,305	$ 995,305	$ 260,000	$ 325,305	$ 1,712,669
Culinary Water Fund	$ 1,089,344	$ 2,973,000	$ 2,442,174	$ 530,826	$ -	$ 1,620,170
Utility Transportation Fund	$ 139,596	$ 1,155,000	$ 1,153,769	$ 1,231	$ -	$ 140,827
Internal Service IT Fund	$ 8,113	$ 48,750	$ 48,750	$ -	$ -	$ 8,113
TOTAL - ALL FUNDS	$ 23,065,819	$ 38,666,751	$ 36,406,019	$ 2,260,732	$ 5,964,623	$ 19,361,928

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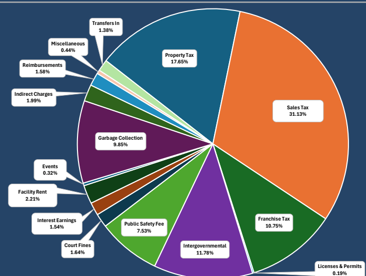
General Fund Revenue Summary



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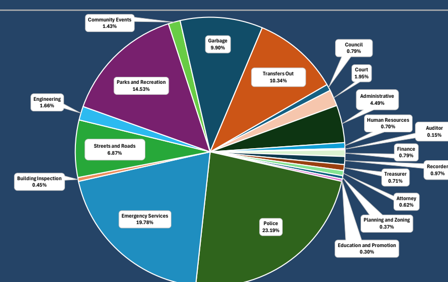
General Fund Expenditure Summary



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Changes From 3/19 Version

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Items for Council Discussion and Decision

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Use of General Fund Balance: Impact on Reserves

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Budget Calendar

- Tuesday, April 30 – Budget Work Session
- Tuesday, May 7 – Public Hearing and Adoption of Highland Tentative Budget
- Wednesday, May 8 – City Open House
- Wednesday, May 15 – Community Budget Presentation
- Tuesday, June 18 – Final Budget Adoption

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Items Included in June 18 Meeting

- Public Hearing for Fiscal Year 2024-2025 Enterprise Fund Transfers
- Public Hearing for Fiscal Year 2024-2025 City Officer Compensation Changes
- Adoption of Final Highland City Fiscal Year 2024-2025 Budget
- Adoption of Certified Tax Rate for Fiscal Year 2024-2025
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Highland City
Fiscal year 2024-2025 Tentative Budget

QUESTIONS?

HIGHLAND CITY

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