HIGHLAND CITY COUNCIL MINUTES

Tuesday, April 29, 2025

Approved June 3, 2025

Highland City Council Chambers, 5400 West Civic Center Drive, Highland Utah 84003

6:00 PM WORK SESSION

Call to Order: Mayor Kurt Ostler
Invocation: Council Member Ron Campbell
Pledge of Allegiance: Council Member Kim Rodela

The meeting was called to order by Mayor Kurt Ostler as a work session at 6:03 pm. The meeting agenda was posted on the Utah State Public Meeting Website at least 24 hours prior to the meeting. The prayer was offered by Council Member Ron Campbell and those in attendance were led in the Pledge of Allegiance by Council Member Kim Rodela.

PRESIDING:	Mayor Kurt Ostler
COUNCIL MEMBERS:	
Brittney P. Bills	Present (*electronically*)
Ron Campbell	Present
Doug Cortney	Present
Kim Rodela	Present
Scott L. Smith	Present

CITY STAFF PRESENT: City Administrator Erin Wells, Assistant City Administrator/Community Development Director Jay Baughman, City Attorney/Planning & Zoning Administrator Rob Patterson, Deputy City Recorder Heather White, Finance Director David Mortensen, City Engineer/Public Works Director Chris Trusty, Police Chief Brian Gwilliam, Fire Chief Brian Patten, Library Director Donna Cardon

OTHERS PRESENT: Jon Hart, Wesley Warren

1. PRESENTATIONS

a. **Highland City FY 2025-2026 Budget** *David Mortensen, Finance Director, Erin Wells, City Administrator*
The City Council will discuss the FY2025-2026 Highland City budget.

City Administrator Wells used the aid of a PowerPoint presentation to facilitate the Mayor and Council's review of the proposed Fiscal Year (FY) 2025-2026 budget; tonight's agenda includes a review of changes from the March 18 version of the draft budget, a request for Council direction on specific budget items, and a preview of potential changes to come in the budget document before it is presented to the Council during their first meeting in May for acceptance.

Changes to the Public Safety budgets include the following:

- Police
  - Reduced wage adjustment from 8% to 6%
  - Reduced dispatch costs
- Fire/EMS
  - Reduced wage adjustment from 8% to 6%
  - Removed 2 FT and 1 PT positions
- $227,698 decrease in Highland's assessment from prior budget version.
- $408,341 – increase in Highland's total assessment from FY25 budget.

Ms. Wells noted the Lone Peak Public Safety District (LPPSD) Board will meet in a work session May 13 to continue their budget review, with final action on the budget scheduled for their May 14 Board meeting. Mayor Ostler stated that the Board felt it appropriate to hold a work session to continue their discussion of appropriate staffing levels and response times/level of service in advance of adopting the final budget. All elected officials from Alpine and Highland cities are encouraged to attend the work session to hear the Board's discussion. This led to high-level discussion among the Council regarding what constitutes a full-time equivalent (FTE) employee for the Fire Department based upon the fact that the Fire Department operates 24 hours per day, 365 days per year.

Ms. Wells continued her presentation, revisiting the LPPSD assessment increase of $408,341 for Highland City; revenue options for covering the assessment increase include:

- Maintain 75% of taxes used to pay assessment
  - Public Safety Fee Increase
    - From $15.25 per month to $19.35 per month (27% increase)
    - Political questions from state legislature
  - Property Tax Increase (estimate)
    - 24% rate increase
    - $77.35 per year increase on a $846,900* home

*Median home price data from US Census Bureau QuickFacts.

Council Member Smith stated he feels it would be most appropriate to fund the increased assessment amount via a Public Safety fee increase rather than property taxes. Council Member Campbell agreed and noted there is not an appetite for a tax increase at this time. Council Member Rodela stated that she is not a fan of the Public Safety fee, and she believes the fee will eventually be prohibited by the State Legislature; she would prefer to plan for that time and consider appropriate tax increases to cover the public safety needs of the City. She added that fees are essentially a 'flat tax', but everyone is paying the same rate rather than the amount they pay being based upon their property valuation. Council Member Smith stated he understands that argument but would prefer to consider a tax increase for public safety if, and when, the Legislature adopts legislation that prevents cities from charging public safety fees. The Mayor and Council debated the two different arguments regarding the appropriate way to fund the increased assessment for public safety; they also discussed the impact of absorbing the increased assessment to the General Fund reserve versus raising taxes or the public safety fee; they ultimately concluded to delay a final decision on the matter until the LPPSD has adopted a final budget.

Finance Director Mortensen then noted other changes that have been made to the budget since the Council's review of the March 18 version include; Throughout this portion of the presentation, Council Members engaged in discussion with Mr. Mortensen regarding the specifics of each of the budget adjustments:

- State Liquor Fund Allotment – Increase of $1,000
- Interest Earnings – Citywide increase of $165,574
  - Used estimated average fund balance at 3.5% interest rate
- Alpine Reimbursement for Court – Increase of $42,740
  - Corrected budget formula for how court costs are billed
  - Corresponding increase in cost to Highland for prosecutor of $40,000

- Garbage Collection Fees – Further discussion later in presentation
- Library – Transfer from General Fund to balance - $10,816
  - Increase to Director wage - $7,025
- Parks Capital Improvement – Added $2,202,050 MAG grant
  - For Mitchell Hollow Trail project – $2,202,050 expense increase
- Roads Capital Improvement – Added $5,400,000 MAG grant and $140,000 Alpine contribution
  - For 4800 W widening - $5,750,000 expense increase
- Roads Capital Improvement – Use of $300,000 impact fees for 11200 N connection project
- Added Parks seasonal employee hours for Bike Park maintenance – Increase of $9,000
- Adjustment to medical, dental, and workers compensation insurance rates – Citywide increase of $6,384
- Added work order/asset management software – Citywide increase of $110,000
- Removed Chamber of Commerce from Council budget – decrease of $3,500
- Removed Splash Pad cameras from Parks Capital Improvement Fund budget – Decrease of $75,000
- Reworked how depreciation and savings for future capital asset replacements are budgeted
- Portion of savings line item reprogrammed to pay for current year projects which resulted in a reduced or eliminated use of prior year fund balance for those funds.

Assistant City Administrator/Community Development Director Jay Baughman then reviewed the items for which Administration needs further direction from the Mayor and Council; first was garbage rates and he noted staff has projected increases in the garbage contract expenditures. Factors affecting the rates are the North Pointe increase of five percent, a Waste Management increase of five percent, and the possibility that North Pointe could increase the tonnage rate by $1.50 per ton. He presented options that are available to the Council based on the assumption that each household has one garbage can, one additional garbage can, and one recycling can:

- Option 1:
  - Status quo:
    - 0% increase in rates
    - -$195,013 total annual net revenue
- Option 2:
  - Charge enough to break even:
    - $1,374 total annual net revenue
    - $4.38 per month increase
      - First garbage can - $0.87
      - Second garbage can - $1.99
      - Recycling can - $1.52
- Option 3:
  - Break even, with $1.50/ton North Pointe increase:
    - $1,337 total annual net revenue
    - $5.06 per month increase
      - First garbage can - $1.21
      - Second garbage can - $2.35
      - Recycling can - $1.55
  - If the increase is not passed on from North Pointe,
  - Total Annual Net Revenue of <u>$34,084</u>

The Council debated the merits of each of the options available to them; the Mayor and Council communicated they are leaning towards option three but stressed the need to educate the residents regarding the factors that are influencing rate increases.

Ms. Wells then stated the next item for which Administration needs direction relates to staff wages; a three percent inflationary increase has been budgeted for, with an additional 0.14% needed for market adjustments. These numbers are being double-checked by Finance staff and a comparison with neighboring cities is being conducted.

This led to high level philosophical discussion among the Mayor, Council and staff regarding the total compensation package offered to employees, which includes hard and soft benefits; they concluded they want to continue their review and discussion of the employee compensation budget implications in future meetings.

Additionally, Administration needs direction on use of General Fund net revenue; there is a proposal to use $80,000 of fund balance for the Alpine Highway Fence. There is $296,451 of surplus (net revenue) in the General Fund budget. General Fund net revenue options available to the Council include:

1. Build Back up Fund Balance towards 35% Limit
   - Approximately $3.81 Million in Reserves
   - Estimated to be 28.3% of total revenues
2. 10400 North 6000 West Intersection Improvement Phase 1
   - ~$250,000
   - Would decrease fund balance to $3.56 million or 26.4% of total revenues

Ms. Wells presented renderings of improvements to the 10400 North 6000 West Intersection, which includes installation of approximately 350 linear feet of curb and gutter, placing asphalt along the curb, and installing milled asphalt tailings for a pedestrian surface. The Council discussed available grant programs that may award funding for this type of project and whether making the area 'shovel ready' will make a grant application more attractive. They concluded to spend the $250,000 on the proposed intersection improvements in order to improve a grant application for completion of the project.

Mr. Mortensen then discussed potential changes still to come to the budget, including water rate adjustments based upon a study that is currently underway. Additionally, a cemetery fund study is also underway and will impact the Veteran's area project. He concluded the presentation by providing the budget calendar for the month of May.

Council Member Smith noted that other utility, impact, and user fees have already been increased, and he asked if those increases are reflected in the budget. Mr. Mortensen answered yes. Council Member Smith stated that he would like to have a complete understanding of the total impact of all fee increases for each household in the City. Ms. Wells stated that a sewer utility fee adjustment occurred in January, and Administration anticipates the final version of the budget will include a water rate increase in addition to the garbage rate increase that was presented tonight.

In conclusion, the Mayor summarized outstanding budget issues that will be discussed further by the Council and staff in the coming weeks.

The meeting adjourned at 7:50 pm.

I, Stephannie Cottle, City Recorder of Highland City, hereby certify that the foregoing minutes represent a true, accurate and complete record of the meeting held on April 29, 2025. This document constitutes the official minutes for the Highland City Council Meeting.

Stephannie Cottle, CMC, UCC
City Recorder

Highland City
Fiscal Year 2025-2026
Tentative Budget

April 29, 2025

HIGHLAND CITY

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Tonight's Agenda

- Review changes from March 18 draft Budget
  - Public Safety
  - Other changes: majority Council direction or new information
- Request Council direction/consideration
  - Garbage Rates
  - Staff Market Adjustments
  - General Fund Net Revenue
- Preview of Potential Changes to Come
  - Water Rates
  - Cemetery Care Fund

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HIGHLAND CITY

CHANGES FROM MARCH 18 DRAFT BUDGET

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Public Safety Budget Changes

- Police
  - Reduced wage adjustment from 8% to 6%
  - Reduced dispatch costs
- Fire/EMS
  - Reduced wage adjustment from 8% to 6%
  - Removed 2 FT and 1 PT positions

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Public Safety Budget Changes

- $227,698 decrease in Highland's assessment from prior budget version
- $408,341 – increase in Highland's total assessment from FY25 budget
- May 13 – Lone Peak Board Work Session
- May 14 – Lone Peak Final Budget Approval

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Public Safety Revenue Options

- Total City Assessment Increase = $408,341

Fiscal Year	Public Safety Fee Total	LPPSD Assessment	Portion of Assessment Covered by Sales & Property Tax	Percent of Public Safety Fee	Percent of Tax Subsidy	Total Sales Tax	Total Property Tax	Total Taxes	Percentage of Taxes Used for Public Safety	Percentage of Taxes Used for Public Safety if No Public Safety Fee is Collected
2020	648,941	4,186,949	3,538,009	15%	85%	2,742,113	1,873,264	4,615,377	76.66%	90.72%
2021	653,689	4,198,443	3,544,754	16%	84%	3,245,412	1,994,840	5,240,252	67.64%	80.12%
2022	672,560	4,268,098	3,595,538	16%	84%	3,662,461	1,980,461	5,642,922	63.72%	75.64%
2023	933,764	4,987,575	4,053,811	19%	81%	3,937,400	2,130,936	6,068,336	66.80%	82.19%
2024	974,625	5,361,339	4,386,714	18%	82%	4,379,436	2,150,745	6,530,181	67.18%	82.10%
2025	990,000	5,689,853	4,699,853	17%	83%	4,140,000	2,210,557	6,350,557	74.01%	89.60%
2026	1,020,000	6,098,194	5,078,194	17%	83%	4,140,000	2,252,268	6,392,268	79.44%	95.40%

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Public Safety Revenue Options

- Maintain 75% of taxes used to pay assessment
  - Public Safety Fee Increase
    - From $15.25 per month to $19.35 per month (27% increase)
    - Political questions from state legislature
  - Property Tax Increase (estimate)
    - 24% rate increase
    - $77.35 per year increase on a $846,900* home

      *Median home price data from US Census Bureau QuickFacts

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Other Budget Changes

- State Liquor Fund Allotment – Increase of $1,000
- Interest Earnings – Citywide increase of $165,574
  - Used estimated average fund balance at 3.5% interest rate
- Alpine Reimbursement for Court – Increase of $42,740
  - Corrected budget formula for how court costs are billed
  - Corresponding increase in cost to Highland for prosecutor of $40,000

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Other Budget Changes

- Garbage Collection Fees – Further discussion later in presentation
- Library – Transfer from General Fund to balance - $10,816
  - Increase to Director wage - $7,025
- Parks Capital Improvement – Added $2,202,050 MAG grant
  - For Mitchell Hollow Trail project – $2,202,050 expense increase

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Other Budget Changes

- Roads Capital Improvement – Added $5,400,000 MAG grant and $140,000 Alpine contribution
  - For 4800 W widening - $5,750,000 expense increase
- Roads Capital Improvement – Use of $300,000 impact fees for 11200 N connection project
- Added Parks seasonal employee hours for Bike Park maintenance – Increase of $9,000

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Other Budget Changes (Expenses)

- Adjustment to medical, dental, and workers compensation insurance rates – Citywide increase of $6,384
- Added work order/asset management software – Citywide increase of $110,000
- Removed Chamber of Commerce from Council budget – decrease of $3,500

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Other Budget Changes

- Removed Splash Pad cameras from Parks Capital Improvement Fund budget – Decrease of $75,000
- Reworked how depreciation and savings for future capital asset replacements are budgeted
  - Portion of savings line item reprogrammed to pay for current year projects which resulted in a reduced or eliminated use of prior year fund balance for those funds.

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COUNCIL DIRECTION/ CONSIDERATION

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Council Direction/Consideration

- Garbage Rates
  - Staff has projected increases in the garbage contract expenditures

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Garbage Rates

Factors affecting rates:

- North Pointe increase of 5% (January 2025)
- Waste Management increase of 5% (July 2025)
- North Pointe increase of $1.50 per ton is possible

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Garbage Rate Options

Each scenario assumes the following household:

- 1 garbage can
- 1 additional garbage can
- 1 recycling can

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Garbage Rate Option #1

Status Quo:

- 0% increase in rates
- -$195,013 Total Annual Net Revenue

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Garbage Rate Option #2

Charge enough to break even:

- $1,374 Total Annual Net Revenue
- $4.38 per month increase

First Garbage Can	$	0.87
Second Garbage Can	$	1.99
Recycling Can	$	1.52

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Garbage Rate Option #3

Break even, with $1.50/ton NP increase:
- $1,337 Total Annual Net Revenue
- $5.06 per month increase

First Garbage Can	$	1.21
Second Garbage Can	$	2.35
Recycling Can	$	1.55

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Garbage Rate Option #3

Break even, with $1.50/ton NP increase:

- If the increase is not passed on from North Pointe,
  - Total Annual Net Revenue of $34,084

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Staff Wages

- 3% inflationary increase budgeted
- Additional 0.14% increase needed for market adjustments
- Numbers being quadruple checked

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Staff Wages – Neighboring Cities

City	Requested Increase for General Employees
Lehi	4.0%
Pleasant Grove	5.1%
Bluffdale	3.0%
Orem	3.0%
Vineyard	5.3%
Utah County	7.7%
Eagle Mountain	6.0%
Spanish Fork	5.0%
Provo	2.5%
Average	4.6%

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General Fund Net Revenue

- Use of fund balance – $80,000
  - Alpine Highway Fence

- $296,451 of Surplus (Net Revenue) in the General Fund Budget

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General Fund Net Revenue Options

1. Build Back up Fund Balance towards 35% Limit
   - Approximately $3.81 Million in Reserves
   - Estimated to be 28.3% of total revenues

2. 10400 North 6000 West Intersection Improvement Phase 1
   - ~$250,000
   - Would decrease fund balance to $3.56 million or 26.4% of total revenues

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6000 West 10400 North Intersection Improvements Phase 1 Illustration

- Install approx. 350 l.f. curb and gutter
- Place asphalt along curb
- Install milled asphalt tailings for pedestrian surface

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POTENTIAL CHANGES STILL TO COME

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Potential Changes Still to Come

- Water Rates
  - Study underway – last study called for small additional increases each year that were not implemented
- Cemetery Fund Study
  - Project in process with Zions Bank Public Finance
  - Will impact Veteran's area project

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May City Calendar

- May 6, City Council Meeting, 6:00 pm, City Hall
- May 13, Lone Peak Public Safety District Work Session, 7:30 am, *ALPINE City Hall*
- May 13, City Council/Planning Commission General Plan Meeting, 6:00 pm, City Hall
- May 14, Lone Peak Public Safety District Meeting, 7:30 am, City Hall
- May 14, City Open House, 5:00 pm – 8:00 pm, Highland Family Park
- May 20, City Council Meeting, 6:00 pm, City Hall
- May 21, Community Budget Presentation, 6:00 pm, City Hall
- May 27, Planning Commission Meeting, 7:00 pm, City Hall

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Highland City
Fiscal year 2025-2026 Tentative Budget

QUESTIONS?

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