

AMERICAN FORK CITY COUNCIL
FEBRUARY 16 AND 17, 2023
BUDGET WORKSHOP MINUTES

Members Present:

Bradley J. Frost	Mayor
Kevin Barnes	Council Member
Staci Carroll	Council Member
Ryan Hunter	Council Member*
Rob Shelton	Council Member
Clark Taylor	Council Member

Staff Present:

David Bunker	City Administrator
Camden Bird	Assistant City Administrator
Terilyn Lurker	City Recorder
Derric Rykert	Community Services Director
Patrick O'Brien	Development Services Director
Anna Montoya	Finance Director
Aaron Brems	Fire Chief
George Schade	IT Director
Cameron Paul	Police Chief
Susan Goebel-Canning	Public Works Director

The American Fork City Council met in a budget workshop with key staff on Thursday, February 16, 2023, beginning at 4:30 p.m. and Friday, February 17, 2023, beginning at 8:20 a.m. at the Fox Hollow Golf Course, 1400 North 200 East.

February 16, 2023, at 4:30 p.m.

David Bunker welcomed everyone to the workshop. He noted a lot of work has gone into putting this workshop together for the purpose of building a consensus on the direction the city council wants to go for the FY 2024 budget and to establish the FY 2024 strategic goals work plan. He noted that Council Member Hunter would not attend today's workshop but would be here Friday.

Mayor Frost offered an invocation.

COMMUNITY SURVEY

Camden Bunker went over the results of the community survey, pointing out the results were all over the board. Where some citizens did not want one thing, others wanted it. There were about 1,300 responses to the survey. Most of the questions were like what has been sent out in the past,

however, the survey questions did focus on the fitness center this year. The result showed that citizens were in favor of upgrading or expanding the fitness center. The quality of staff and services have remained about the same as previous years, but customer service was slightly down across the board. Mr. Bird went over the demographics of the survey respondents and the top issues of the city. As expected, poor road quality and too much growth were at the top of the list of top issues. When questioned about the Fitness Center, the majority of the people would love to see it upgraded or expanded.

FY 2023 STRATEGIC GOALS UPDATE

Mr. Bunker explained they still have a few months left to work on these goals, and then they will start on the FY 2024 goals in July. He turned the time over to Camden to go over the strategic goals update.

Growth Planning

- Fiber. Surveys had been conducted to gauge the interest of the citizens and a town hall meeting was held. The city then approved an intent to negotiate with Strata. The city would looking at putting together an interlocal agreement with other municipalities and meetings have been held with Strata to discuss the system. The design will take between 6 and 18 months, and the city was hoping for construction in Spring 2024. They will design the project in sections, so when they finish one section, they can begin construction in that area while they design the next section.
- 200 South Construction. The city was acquiring easements and finalizing the design. They will go to bid and hopefully start construction in spring. The financing has been secured for the project. They hope to finish the project in one season, but it will depend upon the contract.
- Facilities Master Plan. They are looking at the facilities and identifying critical areas, specifically Public Works and Administration and where staff will go. Also is the 30-acre property master plan; they have not taken official ownership yet, but the funds are in escrow. They need to have a better scope of what they will do with the 30 acres. Also, part of the facilities master plan is a property acquisition plan to identify parcels to purchase and establish a process of acquiring land.

Water Preservation

- Water/Sewer Lines. There were three areas they were looking at to preserve and protect our water supply: PI Metering plan, PI Rates, and Water recycle program. The city was in the process of installing the PI water meters, but there has been a supply issue that has slowed installing meters. The city will need to develop the PI Rates; they are hoping to communicate the rates to the residents prior to implementing the rate change. With the

water recycle program, there is a proposal to not allow any water reuse in the state of Utah, specifically wastewater treatment plants. The city and TSSD have already received grants to go toward the plan. The water reuse plan would benefit the city as well as TSSD.

There was a discussion on water reuse and the pros and cons of it. It was noted there was a bill before the state legislature regarding water reuse that the city needed to watch carefully. If water re-use goes away, TSSD will have to re-tool their facility and the rates will increase for everyone.

Organization

- City Code re-write. The city was currently in the process of this and hoped to have it completed by July.

FY2023 CAPITAL IMPROVEMENT PROJECTS

Anna Montoya went over the FY 2023 Capital Improvement Projects update.

Public Safety

- Station 52 is underway and expected to be completed this summer
- There is a new roof at station 51
- The police boiler has been replaced

Community Services

- There were weathertrak irrigation clocks installed at 26 parks
- Art Day parking lot and dog park are complete
- Library children's room complete
- The Fitness Center painted and men's locker room resurfacing done

Roads

- The infrastructure plan includes up \$12 million of road improvements, including overlay projects and chip seal and slurry; the funds were rolled over from previous year
- They have secured funding for 200 South
- The Geotech design is 95% complete for the 700 North connection road.
- The materials have been purchased for the traffic signal at 620 South 600 East.

Water

- The Water Line Segment 3 has been complete
- The Water Line Segment 4 is out to bid
- PI Metering Phase 1 was near completion and Phase 2 was underway

- Hospital and Country Club well rehabs are complete
- The CDBG Phase 9 was nearing completion and CDBG Phase 10 had the funding secured and was under design

Fiber

- They have committed funding for design and materials.

FY 2023 BUDGET STATUS UPDATE

Ms. Montoya went over the General Fund Revenues, which shows the numbers as of December. The revenues lag one or two months behind; they were on target. The property tax payment was in November and December; 77% was collected which was on target. Building permits has a large decrease. Last year there were high evaluations which explained the higher revenues, but they will continue to look at that. Overall, they were down a slightly mostly because of permit revenue but are close to where they should be. When they prepare the budgets, they are very conservative on the revenue projections. With the property tax, most of the increase was due to the property tax increase.

Ms. Montoya then went over where they receive the revenues, which the majority is taxes. If they do have a recession, they need to look at the sales tax revenue. She went over the sale tax revenue by month; they have seen record numbers, but she feels it will slow down or flatten out by the end of the year. She went over the property tax rate history.

Ms. Montoya went over the expenditures, with personnel being most of the expenses for the general fund and capital expenditures for all funds. She pointed out the budget by department and noted that when one department gets more, another department will go down. In comparison to expenditures from last year, the city was on target.

There were bond retired in the last three years: Fire Station 51 bond, Water projects bond, and the Police/Courts building. The outstanding bonds are: the Pressurized irrigation bonds which will retire in FY2035, the Art Dye project and Cemetery Expansion which will retire in FY2028, the Station 52 bond retiring in FY 2038, the 36” waterline projects will retire in FY 2041, and the TOD 200 South Construction project which will retire in FY 2047. They are strategic on how they issue debt, paying attention to the interest rates and looking at other funding sources. The city’s current bond rating is a AA-, which is a great rating.

With PARC Tax, revenue is up about 10%. The amount budgeted for May 2023 awards they will award \$1.7 million which includes the reserve balance of \$390,000. It was noted they should use reserve balances on one-time projects. When they calculate what to award, the city was conservative which may result in an excess.

The Fitness Center breakdown shows the expenditures by type and where they were with the revenue. It was noted the fitness center was subsidized by the general fund.

Ms. Montoya went over the revenues and expenditures in the capital projects fund, noting there were funds from property tax dedicated to roads. The expenditures are on roads, fiber design and materials, 200 South, and the 700 North connection. In culinary and pressurized irrigation funds, the sales are up due to growth, but consumption is down due to conservation. For sewer and storm drain funds, sales were up due to growth and the rate adjustments. The expenditures include a vac truck that was ordered and rehab of the debris basin outlet structure.

The budget workshop ended at 5:56 p.m.

February 17, 2023, at 8:23 a.m.

Mr. Bunker welcomed everyone to the meeting. Mayor Frost stated he feels like the city was moving forward in a good direction, and he was pleased there were good fund balances to accomplish the big projects that need to be done. He stated they will be busy for the upcoming year with all the things going on right now.

Mr. Bunker thanked staff for all the hard work being done. They are changing a position in the planning department so one person will be the main contact person for the development to make sure the communication stays open and streamline the process. They are making changes to make the organization better every day.

FY 2024 CAPITAL PROJECTS OUTLOOK

Ms. Montoya stated the question was how the city pays for these capital improvements that are needed. They can spend down reserves, increase property tax, use impact fees, reduce programming and services to reallocate resources, use bond proceeds, issue new debt, or increase user fees. Ms. Montoya then went over the debt capacity, noting there was a lot of capacity that could be assessed, although the city did not want to do that.

Susan Goebel-Canning went over the \$17 million in infrastructure needs.

- Road preservation and road restoration projects. This includes some high-density mineral bond and chip seal, which helps with roads in good condition. Reclamation is when you only replace the asphalt and reconstruction is when they rebuild the foundation. Ms. Goebel-Canning pointed out the map that showed the proposed projects throughout the city for road preservation projects, road overlay projects, road restoration projects.
- Water main and water valve replacement. There were culinary water improvements associated with the road projects as well as Segment #4 of the 36" waterline project.
- Sanitary sewer

- Stormwater collection/conveyance improvements.

Ms. Goebel-Canning stated there is a 5-year flexible infrastructure plan, which the city has been chipping away at over the last few years. They will be looking at all the roads and the underground infrastructure they need to evaluate. This is a flexible plan that may adjust.

Ms. Goebel-Canning explained there were several future capital improvements needs for water, one of which was on 100 East which is a UDOT road. UDOT has certain standards that must be met, and they have a moratorium after they redo the road, so the city may need to adjust the projects to get that water line replaced if UDOT informs the city they are working on that road.

There are several water main valves that are locked in place or break. These are utilized during water leak repairs to turn off water; it can minimize the number of residents without water during a repair. They want a strategic plan for replacement and then an exercise program for each of the valves. They will map out the valves with poor valves, note the worst ones and then come up with a plan that will reduce costs by grouping some together.

The future capital improvements needs for sewer. The city has a slip lining and pipe bursting plan in place, which has helped the city. They have 4 miles planned for the next year for slip lining. There are several storm drain issues around the city that will need repairs. They also have open trenches that they would like to get piped.

Ms. Montoya stated there are many requests that have been submitted, totaling \$69 million in capital projects. The city does not have that funding available, so it requires a priority-based budget. They do need balance the needs with the funding the city has available.

5-YEAR CRITICAL NEEDS

Mr. Bunker explained that in years past, the departments have presented the top needs for the next five years. This year, he has asked the directors to give information on their most pressing items. The critical needs are:

General Plan Update

The General Plan this needs to be updated and needs revision. A lot of changes have been made and projections have changed. The current land use element of the general plan was adopted in 2005, with parts of the plan in place from 1997. A general plan is a guiding document for the community, a document to help staff and citizens. It would be quite an undertaking, but the city's plan is vastly outdated. There may be some MAG funding available.

Public Works Complex

They have not moved the ball forward too far on master planning, but they are moving forward with property acquisition. They need to look at additional properties, which is critical as they are out of space at the current facility. There is also expensive equipment that is being stored outside that really should be covered.

Fitness Center/Cemetery

This is critical. The survey had a lot of comments included the fitness center, which may have been because the fitness center had been included in the questions. They do need to decide on what they should work on. Staff would like to develop plans in 2023-2024, decide on if they want a GO bond in November 2024 which will require a lot of work this year, with construction 2025-2026. Mr. Rykert stated that if you build a big enough and nice enough facility, the first 7 to 10 years the city doesn't have to subsidize the operational costs. The question was what their appetite for this was and if they need to take the next steps. There was a short discussion on different funding options. With the cemetery, they need to look at the pony field boundary with the cemetery.

Fiber Deployment

They have entered into a master services agreement and have started a high-level design. They talked about an interlocal agreement. Mr. Bunker noted that bonding would be necessary. It is anticipated that construction would begin in 2024.

Park Expansion/Development

According to the strategic goals they need to begin a plan for the 30 acres parcel the city has purchased. There are not a lot of parcels available, but they need to look at obtaining property for 3-4 more parks on the south side. Staff was working together to make sure they were watching the properties. It was noted the city charges park impact fee to pay for the land acquisition. There are some developments with open space, but it is very localized for the project.

Station 53

Aaron Brems stated that the new plan for fire stations was for three fire stations. They are currently building Station 52, which will service the north end of the city. Station 53 was strategically located within the 30-acre parcel of land purchased. This will service the TOD area, which is a challenge. He noted the call volume in the TOD area is starting to escalate. The need was there, but he acknowledged that funding was an issue. The intent would be to have a dual company out of the TOD station, which will mean a larger station needed to be built. Chief Brems stated the need for the station was right now. They discussed different funding options and timing of the project.

Mr. Bunker stated it was helpful for the council to have a big picture of the needs of the departments. While the growth has been tremendous, building has slowed down due to high interest rates. With regards to staffing, there is a need to increase staff or outside consultants will need to be used.

There was a break from 9:50 a.m. to 10:25 a.m.

BUDGET OUTLOOK FY 2024

Ms. Montoya stated they wanted to look at the historical trends for both revenues and expenditures over the last five-six years. They approve a balanced budget every year, and all excess revenues over the maximum allowed are transferred to capital projects. The revenues have been steadily increasing, as has the expenditures. The largest expenditure increase was due in part to the added personnel and the increase in pay wage range. The operations have been steady. By departments, public safety has grown quite a bit as has Development Services. As the departments grow, the expenditures grow as well. Ms. Montoya noted that for the Fitness Center, the revenues/expenditures decreased in 2020 due to Covid-19. However, the expenditures are outpacing the revenue growth.

Ms. Montoya stated the budgeting methodology is for a balance budget with revenues very conservative. They start with zero based budgeting every year, with only the capital projects carried over. They look at the budgeting factors such as the priorities, trend data, supply chain issues, legislation, low unemployment, levels of service, master plan and impact fee study updates, property tax, and utility rate adjustments.

Mr. Bunker stated that updating the master plans is critical so they have the right plan for calculating impact fees. The laws on what the impact fees can be used for is specific, it has to be for growth, not operating and maintenance. If our impact fees go up, we have to give 90-day notice; lowering fees does not have a waiting period.

There was a discussion on increase in costs and how to plan for that growth.

GENERAL FUND REVENUE WORK PLAN

Ms. Montoya went over the property tax rates for 2021 and 2022. In 2022, the certified tax rate was lowered significantly so the city proposed a rate; at the Truth in Taxation public hearing, the council backed that off slightly. She showed the different taxing entities in American Fork. With the property tax, tax rates are based on 55% of the value for residence and 100% for commercial. Ms. Montoya showed the percentage of property tax based on the expenditures. If cities don't keep up with the property tax rate, they can do less with that dollar. The city needed to stay on top of this. A scenario was given on the property tax if they keep the certified tax rate, pegged rate, or just have a \$1/month increase. The citizens who commented at the Truth in Taxation

hearing expressed their opinion that they would rather have small incremental increases rather than a large increase every few years.

The council discussed the different options the city had regarding the property tax and if they wanted to peg the rate or adopt a small increase. It was felt that if they keep the increases down, the citizens would be okay with that. One question was if they should consider any bond election they are having that year. They could go through Truth in Taxation every year, but the council does not have to increase anything if they choose not to. A suggestion was to do a property tax increase when a bond falls off; it was a missed opportunity to not keep capturing those dollars.

Ms. Montoya went over the calendar milestones for a Truth in Taxation. As part of the process, she would love to get direction what the council would like to see so they can include that in the proposed budget. There would have to be another discussion to talk about the direction the council wants to go, but staff would put together the proposed budget with a flat revenue understanding they would discuss different scenarios at a work session.

There was a break from 11:00 a.m. to 11:25 a.m.

FY 2024 POSSIBLE GOALS AND PRIORITIES

They went through the FY 2023 Goals and priorities to identify anything they may want to carry over into FY 2024. It was felt they needed to keep Fiber on the list to continue design of project, funding, and construction. For the 200 South project, the design was complete and funding was done; the next step was to put it out to bid and begin construction. They needed to keep the facilities master plan on the radar. It was felt they needed to keep on there the water re-use plan. The city code re-write would be completed by the end of the year.

The council then discussed what they would like to see on the list of goals and priorities for FY 2024. The following is an outline of what was discussed and the potential actions:

Fiber

- Interlocal Agreement
- Design Project
- Funding
- Construction
- Marketing Plan

Facilities Master Plan

- Transfer/update information from previous year
- Funding/Bonding schedules, determine priority facilities (Fitness Center)

- Station 53 analysis – start projections and planning, with strategic communication about the need for the 3rd station

Water/Sewer Lines

- Water re-use program

General Plan Update

- Land Use Plan update

Development Process

- Define, standardize, and streamline processes
- Improved communication to developers of process, cost, and expectations
 - Improved proactive communication before issues arise. This included city-wide communication improvement
 - Respond back, even it is just to tell them where staff is at
 - Block out times to talk to people; meetings like concept plan meetings to discuss things with developers
 - One single point of contact

Downtown Revitalization

- Next steps beyond a plan; parking needs to be incorporated
- Funding options/CRA
- PARC Tax funding grant request with committee input (splashpad)
- Property acquisition, using Ogden as a model

Fees/Rates Schedule

- Update impact fee and utility rate studies regularly; can include bonding plan
- Develop a rotation plan for studies

Mr. Bunker felt they had a good list of goals that they can be strategic about. Mayor Frost stated this was a good list that he was comfortable with. These goals required a team effort with staff and the council.

Mr. Bunker thanked everyone for their input and participation.

ADJOURN

The workshop ended at 12:40 p.m.



Terilyn Lurker, City Recorder