

SOUTH JORDAN CITY
CITY COUNCIL BUDGET MEETING

November 30, 2021

Present: Mayor Dawn R. Ramsey, Council Member Patrick Harris, Council Member Brad Marlor, Council Member Jason McGuire, Council Member Don Shelton, Council Member Tamara Zander, CM Gary Whatcott, ACM Dustin Lewis, City Attorney Ryan Loose, CFO Sunil Naidu, City Recorder Anna Crookston, Strategic Services Director Don Tingey,

5:15 PM
BUDGET MEETING

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

Mayor Ramsey welcomed everyone present.

B. Invocation – By City Manager Gary L. Whatcott

City Manager Whatcott offered the invocation.

C. Discussion Item: Fiscal Year 2022-23 Budget.

City Manager Whatcott said since he has been the City Manager, he has been forecasting a day when the tough discussion would have to be had about finances in our community. Over the last few years we've faced a pandemic, inflation, recent shortages causing costs to rise and supply chain issues; these are all real things, and they are impacting us in the budget. We made the decision to give our police a good raise, spending about \$1.6 million; the money for this raise came from the CARES Act money, and we still have about \$4.2 million there. All of the numbers we are going over tonight with our CFO Sunil Naidu, are currently projections. Mr. Naidu always budgets conservatively, and he feels good about the numbers he is going to share tonight. We already have some things that have been committed to, the first thing is the police salary; we need to continue to find money for that. We will probably have to give our employees a raise this year, it will probably be in the 6% range, and we can talk more about that later. We need to hire five more firefighters in this fiscal year, then we are done and that finalizes the commitment we made to staff our new fire station. We have some money for a slight increase in insurance, we don't know what that will be yet, but we know those numbers are probably going to tick up after the pandemic with lots of claims; we budgeted about 10% more for that. The last thing is our Career Ladder Program. Most of our jobs have some opportunity for advancement and the department heads usually give updates as to what those people are going to do; we have a pretty good idea of who is going to advance in the following year, usually based on years of experience and then extra education, certifications, etc. He believes we can meet all of the above commitments with the numbers Mr. Naidu has for us; these numbers do not provide any more personnel, CIP funding, or other additional staff besides the previously mentioned firefighters and no new streets. This is probably not where we want to be, his opinion is that we've grown

beyond that and we need some help; we are going to suffer if we don't do anything. From here, we need to discuss what we really want to do going forward. He has requests for 36 new employees throughout the city, and this won't fund any of them. We know we are growing and have needs. We haven't really added any money to our Operations Budget in a while, and inflation is taking its toll on that. Typically we have had a lot of savings on that over the years, but we have let inflation eat that savings up because we are currently paying about 15%-25% more on those items than we were a year ago; this includes asphalt products, concrete products, paper supplies, parts for sprinklers, etc. If we don't do anything to add to the operations side of things, we are going to go backwards because we will not be doing as many asphalt projects, sidewalk repairs, or plant as many trees.

CFO Naidu presented a prepared presentation (Attachment A). Usually, end of December or first part of January is when he gets a pretty good sense of our revenue numbers. Once he has that, Mr. Whatcott sits down with all the department heads and goes over their employee requests. Currently, we have all the needs requests from the departments and have assigned a cost to them. The projected revenue is about a 9%-10% increase from our current year budget. Different revenue sources have different increases, we had an increase to 21% in sales tax last year, but four to five years in the past it only averaged around 10%.

Council Member Marlor asked where that sales tax increase came from.

CFO Naidu said it's mostly from groceries, places like Costco, Harmon's and Smith's. Regarding wages and benefits, he discussed the current year's changes which were all related to the police raise. This was funded with one-time money, but will need to be funded on an ongoing basis in the future. He explained his proposed changes in the numbers for current employee benefits, per Mr. Whatcott's explanation earlier these numbers have gone up due to various reasons. Regarding the employee reclassifications, they currently have interfacility transfer services provided by our fire department. Right now we have eight to ten part-time people who provide that service; we want to revert back to full-time positions and there is a huge need for those right now.

Council Member Don Shelton asked to confirm there is revenue associated with that, and he asked if that had also been counted.

CFO Naidu said yes, that revenue was included in the projected revenue. When that program started, they estimated bringing in around \$600,000-\$700,000; right now they are bringing in over \$2 million a year on those transfers.

City Manager Whatcott said they are still giving away too many to Gold Cross because we don't get part-timers to come back in. We can actually improve the revenue stream more, by going to full-time employees we will have someone here at all times to take the calls. Gold Cross wants us to enter into an agreement with them to take the calls they can't do for transfers coming out of Riverton IHC. This does give us an opportunity to increase revenues, and possibly even pay for the positions. That revenue collected on facility transports is what we use to buy most of our apparatuses.

Council Member Marlor asked what the ratio is, how much will be covered if we moved the employees to full-time.

City Manager Whatcott said first we train the IFTs in a regular ambulance; we get 100% collection on the interfacility transports, we are at 64% collection for the others.

Council Member Marlor asked if new equipment needed to be purchased.

CFO Naidu said we've been using our regular ambulances, but that is expensive equipment. For transport purposes, you can buy a cheaper ambulance and provide the service for less. For transports, we get paid directly. On the other hand, the other paramedic services are billed through another company and we get very little of those payments.

City Manager Whatcott said we are moving to these critical care paramedics, which is another level up. These paramedics are trained at a higher level, so over time we are raising the bar of our service to the community. We are already more advanced with our 12-lead program started about five years ago, and we keep expanding it. In the future, we are going to see more street orientation of critical care with more outreach into the communities from hospitals. As the future changes, how we provide services at the hospital and community level will end up blending together in some ways.

Council Member Tamara Zander asked if all the costs for moving to full-time were factored into the estimates, such that we're still making a profit.

City Manager Whatcott said yes, and we have more turnover with part time staff.

Assistant City Manager Dustin Lewis mentioned that we are also competing in the wage war with other agencies.

CFO Naidu said we will still be in the positive with these employees going to full-time. This leaves us with about 12% to spend on the operations side of things for all the departments combined.

Council Member Zander asked what the available funding number was last year, before the budget was brought to the council.

CFO Naidu said he didn't have those numbers right now. He continued reviewing the presentation (Attachment A). Regarding capital projects, they use leftover money from previous years. For that purpose, council has said in the past to put in \$1.5 million annually to provide that maintenance that we need. We have some savings from previous years because not all positions were filled; this is what they will use for capital projects next year. With those savings they do capital projects, capital maintenance, etc.

Strategic Services Director Don Tingey said they have a fleet committee meeting tomorrow to prioritize the list and look at what they need.

CFO Naidu continued reviewing the prepared presentation (Attachment A).

Council Member Zander asked to see the list of all requests from the departments.

CFO Naidu presented an excel file named New Positions (Attachment B).

City Manager Whatcott said the total amount needed, if they funded all requests, would be \$2.1 million.

Council Member Harris asked if Mulligans requests come from this money as well.

City Manager Whatcott said yes; it still comes from the general fund, but it's run like an enterprise.

CFO Naidu said we have \$1.8 million to work with right now.

Assistant City Manager Lewis said this does not cover equipment costs, only the personnel.

Council Member Marlor asked about the growth in residences over the last year.

City Manager Whatcott said about 1,000 homes were added in Daybreak alone last year, 1,200 total for the whole city.

Council Member Marlor said it's hard to provide maintenance and support for constant growth like that every year.

City Manager Whatcott said it's also the infrastructure installation and maintenance that's required, and that requires the personnel.

Assistant City Manager Lewis mentioned recreation programs as well that residents are looking for.

City Manager Whatcott said this is why they are asking for Recreation Aides, the programs are growing beyond what we can manage; they have had to put limits on how many people can be in a program and they don't have enough aides. Also, these Streets employees are the same people who plow the snow. We've added all these miles that have to be snow plowed, and the ones that are already here are the ones doing that; this includes Parks, Storm Drain, Streets and Public Works staff who plow snow on a rotation. During storm events they go to 12 hour shifts, 12 hours on to 12 hours off and we use every employee in the rotation. If they are working on a project and it snows, they stop to focus on the snow, and then come back to the project after the storm. We need to remember that these employees are doing multiple things, during the summer they have the regular maintenance projects, but during the winter they are also our snow plow drivers. They have been saying "no" to Public Works Director Jason Rasmussen for a few years now because we have hired more police and fire, same with Parks and Recreation. Our fleet has

grown, we have had three mechanics for about 15 years, but they are asking for another mechanic this year to keep up with all the equipment. It's not just cars, it's all the small engine repairs for things like lawn mowers, snow blowers, side by sides, fire apparatuses, etc. Fleet Mechanic Kelly Davies does all of our apparatus repairs on our fire engines, our dump trucks and other heavy equipment; it is all done in-house. Fleet Mechanic Barry Blackett does all of the police car wiring and other modifications for the new additions and he is retiring in about a year; without him we would be sending that work out and paying for it, but it is all done internally. We also don't have enough Code Compliance Officers, we get more requests than we can handle. We are not doing anything proactive, only reactive work as it relates to code compliance, most of it is complaint driven. The majority of these jobs are from the general fund.

Council Member Harris asked which requests are critical, and which ones are "nice to have."

City Manager Whatcott said he appreciated that there are no leadership jobs in these requests, these are all front line employees who interact with our residents and directly getting the work done. He said he might wait on things like a Museum Education Coordinator this year when faced with needing something like another mechanic. The mayor is a busy woman, including communicating to our community. They are asking for a Social Media Coordinator to help us continue to share information, do more marketing, etc.

Council Member McGuire asked if the proposed wage of \$17.00 an hour is even realistic for a social media coordinator, it seems low to him.

Council Member Shelton asked if a firefighter was really starting at \$15.00 an hour.

Assistant City Manager Lewis said they work a 24 hour day, so part of that day they are sleeping; they are paid for 48 hours straight.

Council Member McGuire asked for more info about the request for an Arts Assistant.

City Manager Whatcott said he hasn't gone through every request yet, so he doesn't have those kinds of details. The reason for this meeting is so he doesn't go through all that work only to have the council decide they are not raising taxes. For \$35 we are getting about \$1 million in property taxes, so we need to decide where we want to be. We need to decide where we want that tax threshold to be, and do we hold it steady for two years to see if it catches up with inflation. What do we do in the coming years?

Council Member Marlor asked about the CIP list.

Director Tingey said they have prioritized the list but it hasn't been attached to any funding, right now the wish list is \$3.1 million. The fleet requests are at \$2 million, but they haven't prioritized that yet. We have a number of obligations on that CIP list that are contractual and have to be completed; those obligations are not in the budget yet either. They usually put the list together the first part of December, before the holidays, so they are ready to jump into the budget when they come back in January.

CFO Naidu said they have a five year CIP plan, the council has seen that in the past. Every year they just shift and reprioritize based on urgency and necessity; if it doesn't get chosen this year, it gets pushed to the next year to be looked at again.

Director Tingey said some things seen every year are alleyway and wall maintenance programs, both of which come in at \$200,000 each, along with annual park maintenance at about \$200,000. Those three things total \$600,000 as an annual CIP maintenance cost. Beyond that, there are things that have been identified like the Community Center roof, which has some serious leaks. We have been patching it for years, but it's just getting worse and worse.

Mayor Ramsey asked what the total amount requested for employees was.

Director Tingey said between fleet and capital the wish list is at about \$5 million. That's a high number, it hasn't been sorted through yet; some of those wishes are going to be pushed to another year.

Council Member Harris asked about the fleet, does this involve rotating the fleet on the schedule.

Assistant City Manager Lewis said if we don't rotate them and we keep them as they are, we are definitely going to need another mechanic; we have almost 400 pieces of equipment that fleet maintains.

Mayor Ramsey said she thinks the average property tax payment for a home in South Jordan is about \$370 per home.

CFO Naidu said a \$500,000 home pays about \$450 annually.

Council Member Shelton said that adding the additional \$350 average per home annually would be almost doubling the property taxes, and that's too much.

Council Member Zander said the wish list they are being shown currently hasn't been sorted through, so it's not realistic; they can't budget a wish list.

Assistant City Manager Lewis said they brought this here because they want to know what the council plans to do in terms of taxes before they spend the time earnestly sorting through the list of requests.

CFO Naidu said calling it a "wish list" isn't entirely accurate, some of the requests are important.

Council Member Zander said she understands that, however there is a difference between raising taxes for more police officers versus a request for a building supervisor.

CFO Naidu said they could narrow it down to \$400,000, but they need to know if that's what the council wants; that amount won't get them much. They are asking where the council wants them to go with the budget for the upcoming year.

Council Member Zander said she doesn't know what they want them to do yet.

Assistant City Manager Lewis mentioned programs, is the council okay with them telling people they can't get into a program, or that a program doesn't exist anymore.

Council Member Zander said yes, there will have to be some "no" responses due to programs being too full.

Assistant City Manager Lewis said this is the first year we've had to start turning people away.

Council Member Zander said it's like the Mulligans issue, she had neighbors upset with her because she wasn't ready to raise our taxes to pay for Mulligans. She wasn't going to ask everybody in the city to pay for a golf course, just like she's not going to ask everybody in the city to pay for your kid to play soccer.

Council Member Marlor said it isn't just about one element of the budget, it's what is it going to take to run the city at the level that we expect and the residents expect. We can only raise taxes so much, and we need to provide basic municipal services.

Council Member Zander said tonight we need to decide what number we are comfortable with, and then the staff can go back with that number and decide what stays and what doesn't.

Council Member Shelton said a \$35 increase on average gets us \$1 million, our average homeowner is paying \$450 right now; a \$35 increase is about an 8% increase.

City Manager Whatcott said we are going to lose sales tax revenue this year due to Costco opening in another city.

CFO Naidu said that drop has been planned for in the current budget, they know it's not going to continue growing like it has been.

Council Member Shelton said the question now becomes whether or not we're comfortable with a \$35 increase, a \$70 increase; how far are we willing to go.

City Manager Whatcott said if he knows what amount they are comfortable with, he can project a revenue based off that.

Council Member Marlor said it's not just what we're going to do this year. If we aren't planning towards the future, we are not planning well. He believes we are going to have to raise taxes this year, and we will probably have to keep raising them to keep up with inflation. Inflation is 6% this year, it's probably going to be close to that again next year. If we don't address it every year,

and possibly do it in smaller amounts, we will have to keep adding to it to keep up. We should have that general discussion now if we want to plan well.

City Manager Whatcott said they need to decide on a number for this year for the property tax increase, and continue to capture inflation for a few years on this rate to try and keep up.

Council Member Harris asked if we still have to do a truth in taxation.

City Manager Whatcott said yes, but if we keep it at the new higher rate we aren't raising it each year; the rate itself would stay the same.

Council Member Marlor said inflation is going to hit everyone, we can't continue to budget with no new employees if we have 3,500 new people coming into the city each year. It is not our fault as a council, it's not the staff's fault. Our legislators are not allowing us to capture the kind of growth in property tax that we really need to keep up, they are forcing us to raise taxes so they don't have to.

CFO Naidu mentioned how other cities reacted to us paying our police more. If we don't keep up with other employee wages, these other places will raise their pay and we will be stuck reacting to that and trying to come up with the money to cover it.

Council Member Marlor said we have to raise taxes \$35 just to cover the police raise.

Council Member Harris said every city, in general, is having this same conversation. If they don't raise their taxes the city will start to fall apart, this is not a unique situation. There is going to be a long list of cities that will be raising their taxes just based on the environment we are all in.

City Manager Whatcott read in the paper that Draper and Sandy used one-time money to fund their police raises. He believes Salt Lake City used some one-time money as well, but they didn't fund their entire police department, only the front-end jobs and a few in the middle; they did not fund admins or other positions. They said in the paper that they are going to be the top dog, but Sandy and South Salt Lake have already passed them, so their budget next year is going to be higher.

Council Member Zander said Salt Lake has a harder environment to please.

Director Tingey said they are the only city in the state that collects more property tax than sales tax. Years ago, during League meetings, they were discussing the sales tax debate. With all the high rises downtown, they have higher property value per acre than most cities.

Mayor Ramsey wanted to share that one of our legislators is presenting a bill to end the sales tax on food. She asked somebody in the governor's office what that would do to cities, if that would eliminate our sales tax on food. They said they don't actually think it will pass, but said it is going to get a lot of traction from residents of the state as well as the media. They have data that

shows the people they are hoping to benefit by eliminating that sales tax on food won't actually be benefitted; it will actually benefit those who buy more food and have more money. When asked again what cities are supposed to do, they responded that if this did happen the legislature would have two choices. They can say either there will be no sales tax on food but cities can still charge their food sales tax, or they are going to take away the ability to charge a sales tax on food at all. She told them there would have to be a way to make cities whole, and they responded that there doesn't have to be. They told her cities will have to find another funding mechanism that could make them whole for a few years and then cities would have to figure it out. The only way to "figure it out" is to raise property taxes.

City Attorney Ryan Loose said if we mention to our legislators that the way truth in taxation works, it doesn't capture inflation, they will tell you to take control and raise your taxes. The logical arguments get a political response back, citing that we wanted local control so we have to do it ourselves. Like the mayor said, if we try to argue that they need to make the city whole, they will argue that we have the power to do that and throw it back on the city.

City Manager Whatcott said we have discussed previously taking the fire and/or police department completely out of the General Fund and adding a new tax rate for them alone. This will end up being more than we talked about, but that will stand on its own with its own tax rate. That would then see them deleted from the General Fund with the exception of some costs, and they would be listed separately on every property tax bill. This is what's done with Herriman, who we compare ourselves against. Another option is changing our fee rates, we need to ask if we are charging enough for pavilion rentals and recreation programs.

Council Member Marlor said taking that part out is actually one element of truth in taxation. This is showing the residents what it actually costs for police and fire, those first responders. Let everyone know we have to have a certain level of service, and show them how much it costs because we are not going without it.

Council Member Zander said this would at least allow people to see what chunk of their money is going towards safety, instead of seeing a large chunk going to the city and wondering how that's being managed.

Council Member McGuire said he likes the added transparency.

City Manager Whatcott said there would be public hearings to create the public districts.

Attorney Loose said to create and levy the tax district there is a process for creation. He would recommend calling it a local district, rather than a special district, then the local district board would levy the tax in the first year. The next year, the board would hold a truth in taxation to capture inflation or increase the amount.

Council Member Zander said it is like a more itemized list.

Mayor Ramsey said this would be easier for residents to take, especially since we have a supportive community when it comes to public safety.

Council Members all agreed, they do not like the idea of fees.

City Manager Whatcott said, regarding fees, we need to go through our fee schedule and reassess. Fees are too low, especially in regards to parks and recreation.

Director Tingey said we just finished our fee study, so we are solid on development fees. It is very common in parks and recreation to set a cost recovery percentage and it can be dependent on the type of recreation service. We can say we want a program to be at 50% cost recovery, and then establish fees and create policies to make sure we subsidize programs at the rate we want.

City Manager Whatcott said during one budget meeting we should look at our fee schedule and discuss them all. We haven't really done it for a while, and in general he thinks they are lower than they should be.

Director Tingey said we need to think in advance because lots of these programs are already starting and they need to know about fee changes sooner than later.

City Manager Whatcott said we've had a great relationship with Bingham Baseball over the years, all these comp leagues and other programs that use our fields pay their fair share; we are low on what we charge for field rentals because wages, materials have all gone up 15%-20%. We aren't recovering much from fees, if anything, to help offset some of the costs.

Council Member Harris said he is not in favor of removing the kids' programs first.

Director Tingey said it is good to sit down with the leagues and have that conversation, show them the numbers. Most of the leagues are clueless to some of those hard numbers. They know what their costs are, but they don't know how much staff time it takes to prep a field.

Council Member Shelton said we need to address how much we are willing to raise taxes this year.

Mayor Ramsey said if we were to create a fire and police district, something more itemized and separate, it just reallocates the funds. We still need to decide how much we are willing to raise taxes.

City Manager Whatcott said if we create those new districts, they do not get sales tax, only property tax. The rate we pull out when we set up a new district will drop from the General Fund. If we set them up at the level they are asking for, five firefighters and maybe four police officers, and we add the regular budget in, that's the new levy and it's all property tax. We still have to come back to the General Fund and work through their requests, which will be subsidized by sales tax.

Mayor Ramsey is wondering if our money goes farther if we divide it out in this way.

City Manager Whatcott said it's still the same. Right now we're subsidizing our fire department with sales tax, but if we separate it out it will be covered strictly by property taxes.

Council Member Harris asked if we weren't subsidizing with sales tax any more, how much more property tax dollars would be needed to fully fund the police and fire.

Mayor Ramsey asked the council if they are interested in separating the fire and police.

Council Member Marlor said yes, he is in favor of separating and having all first responders in some kind of district. He thinks we should also review the fees discussed earlier, as we need more revenue to keep up with the costs connected to those services. We are going to have to raise taxes at least \$50.00 over the next two years, along with at least \$25 each subsequent year until we catch up with what's going on around us. He might be willing to go higher than that, but \$50.00 is his minimum.

CFO Naidu reviewed his Excel Sheet with information on our police (Attachment C) that shows the current tax rate, with the property tax that's generated. There is some miscellaneous revenue, mostly grants. The total amount we collect in property taxes is \$12.8 million, and the amount for police is \$300,000. If we need to generate \$300,000 more, the tax rate would need to be increased by 2.32% which works out to \$18.37 on a \$500,000 home just for police. This would mean no property taxes would be left to fund fire, however they do bring in around \$2 million of revenue with the interfacility transfers discussed earlier.

Attorney Loose said they have worked hard to keep that number where it is.

CFO Naidu said even with that additional revenue, we still need to generate \$11 million more.

Attorney Loose mentioned part of the process for creating these districts is having a 60 day protest period. If you get enough protests to stop the creation of the district, for two years you can't try again. If you don't get enough protests, it then moves on to an election. The council doesn't have the unilateral ability to just create a district, they only have the ability to put it in front of the residents to allow the district. Herriman just did one and it passed, Riverton did two and they passed.

Council Member Marlor asked their percentage of passing.

Attorney Loose said more than 50% voted in favor for them to pass.

City Manager Whatcott said both of those were coming from Unified Police Department (UPD).

CFO Naidu said UPD was charging the actual cost, Riverton and Herriman just transferred the cost to the district. The way they explained it was that it won't cost any more money, but residents will get better service; the residents are paying the same amount. Herriman is paying

around \$1,002 in property taxes every year for a \$500,000 home, Riverton is paying \$907 annually.

Assistant City Manager Lewis said South Jordan is only paying \$450 on a \$500,000 home.

Council Member Zander asked why those cities are always telling us our taxes are higher than theirs.

Attorney Loose said they are referring to the city funds.

Director Tingey said that Herriman also doesn't tell you they are charging residents a \$5 park fee on their utility bill every month, \$60 a year that isn't coming out of the annual property tax payment. Also, if they put it on the property tax bill the businesses would be paying it as well.

City Manager Whatcott said Herriman has the number two highest taxes, just behind Salt Lake City.

CFO Naidu presented a graph (Attachment D) showing neighboring city's comparative rates.

Mayor Ramsey said someone from Herriman got upset and posted it on social media, asking if anyone from South Jordan had seen it and why Herriman was paying so much more. Herriman City ended up having to respond on social media, saying that South Jordan is calculating it incorrectly.

Assistant City Manager Lewis discussed the details of Attachment D and what each line means.

City Manager Whatcott looked specifically at Riverton's numbers. They say they don't have a property tax, which they technically don't, but you can see how much they are paying; they are just capturing those amounts through districts, not the city.

Attorney Loose said in Riverton, the city runs off their sales tax dollars.

Director Tingey said they are now managing their own district, where before UPD was managing it. The confusion with Herriman was that they were moving from the district Unified Fire Authority (UFA) to having their own fire district. This year the tax merged together with their city tax, which was small.

CFO Naidu said not everyone has access to this tax commission data that we are looking at here (Attachment D). For Herriman to see South Jordan's data they would have to talk to us. He put together the chart because everyone was saying South Jordan was too high.

Attorney Loose said the impression is out there that we have the highest taxes, and people will argue it.

City Manager Whatcott said this happens because people equate tax rates with home value, and that's not how it works here in Utah.

Attorney Loose said people also think we capture inflation every year.

CFO Naidu said we've had residents show up to council meetings quite a few times in the past, after calling him earlier in the day to warn him they were going to tell the council how high their taxes are. He would ask them to give him a few minutes to change their mind, and they might have still shown up but they didn't bring up the taxes.

Mayor Ramsey said that \$400 a year makes it prohibitive to make districts and separate them because we aren't transitioning from something like UPD to our own department.

City Manager Whatcott said there's no easy way to do it. Some cities have tried to be sneaky about raising their taxes by doing these districts, and that's terrible. There are some advantages to having it all together, we can move tax dollars from sales to fire, we can also move fees we collect in the General Fund to help support other departments.

CFO Naidu said in the past few years we've had \$2 million left over and transferred it to capital projects and worked through those; that excess money came from Public Safety jobs not being filled. If Public Safety were its own district, that money would stay with them.

Mayor Ramsey asked the council how high they are willing to go.

Council Member McGuire said he's willing to go as high as \$70. That barely gives us enough to cover just our police obligations at \$1.6 million; it doesn't give us a lot of extra money for other things.

Council Member Shelton agrees with the \$70. Regarding truth in taxation, he believes we should have that conversation every year. He doesn't want taxes automatically raised every year, but he is open to the conversation annually. There was a time when he had to tell other elected officials that he wasn't willing to lower taxes just for the sake of lowering taxes, but he's also not willing to raise taxes just for the sake of raising them. Even a \$70 average raise this year is a big raise.

Mayor Ramsey said percentage wise is it looks high, it is only a few cents per day but it still looks high when you're looking at it as a percentage.

City Manager Whatcott said the way you're going to have to advertise it is going to look humungous by the way they make you calculate the percentage rate, but it didn't stop us in 2007 when we had a truth in taxation. We posted our own analytics to explain it and we advertised the statutory language.

Council Member McGuire said that is nice but back in 2017 or 2018, when they were working on this building, people didn't pay attention to the advertising. We did a lot of education and they didn't notice it.

Council Member Harris said he's willing to raise taxes to \$58.10 after a quick calculation. He is interested in seeing our future obligations, but with the limited information he has today that's what he's willing to do. That could change if we have other obligations we need to meet.

Council Member Zander would be happier with somewhere around \$50, rather than \$70. The bigger discussion is what we are going to do in the future. She would rather go with a smaller number and then look at doing truth in taxation again. What makes her nervous is she knows how she feels about raising taxes, but if we put something in place that consistently does that we could get a future group in that continually keeps doing it; she doesn't want to be the council responsible for that.

Council Member Marlor said it doesn't always have to be a conversation about raising taxes. You can also have the conversation about why we don't have to raise taxes, or even why they are being lowered when things are going well.

Council Member Zander asked if they could create a city ordinance that requires the council to hold that meeting annually, like they do in nearby cities like West Valley.

Attorney Loose said no, they would essentially direct staff to make that part of the budgeting practice every year.

Mayor Ramsey said Ogden does it every year as well. They went so long without doing it that it was so bad when they finally did, they were not going through it again. They ended up having to raise their taxes quite a bit.

City Manager Whatcott said one thing to consider, for example, is something like sidewalk repair. One trip and fall costs the city an average of \$10,000, Ogden was having those on a monthly basis because they weren't keeping up their infrastructure. That is the type of thing that starts to happen, there are always consequences to every decision we make and we need to be cognizant of the overall total. Some of the cuts the city chooses to make to save money could end up costing more in the long run. Related to the police wage war, the consequence of not putting more money into the police would have been six more guys walking out tomorrow.

Mayor Ramsey shared that right now \$1.23 per day makes the \$450 a year for city services per household. If we were to impose a \$70 increase annually it works out to \$0.19 cents per day, a \$50 increase would be an extra \$0.135 per day. Residents might find this breakdown easier to relate to, compared to their other daily costs.

Council Member Marlor suggested we publish those microeconomics. Eventually people will come out and complain about the rise in taxes and we will have to stand up for this.

Council Member Zander said we need to be unanimous in this; everyone needs to be on board because this is a big move.

Mayor Ramsey said she thinks this is a much bigger conversation, she agrees that we need to make a decision now with vision for the next few years. Not necessarily decisions on how much we will increase over the next few years, but we need to agree to revisit this and see incrementally where we need to be. If nothing is done, we are moving backwards and our service levels will continue to move backwards. She hates raising taxes, she is envious of the state that is putting together a budget right now to release to the media that proposes a potential cut in taxes. They are fortunate, we are not in a place where that is a reality. None of us wants to have to raise taxes, and that's why we don't do it. Land use also plays into this, and it's something we need to be mindful of in the future. She has learned that between Winco and the liquor store, Herriman is generating over half a million dollars a year in revenues. That's great for them, but we need to be careful. The legislature is currently trying to stop cities from banking land for commercial use. When we get proposals to switch from areas that we have labeled for commercial, or are working with the Miller Group to put together a great downtown area together, we need to be mindful of how we bring in taxable value as we finish building out the city. Homes and people are wonderful, but they cost the city money. The more taxable value we can bring in, the less property taxes we have to levy. This needs to be at the front of our minds every time we are looking at a proposal, and what it will do to our property taxes. We are here to do the hard things, and it's clear we are going to have to increase taxes. If we levied taxes to bring in \$2 million, at \$70 per year, with any luck the state's choices will help balance it and residents' taxes won't go too high. People don't realize that of the total taxes they pay, the city gets such a small slice of that. The question is whether \$2 million is enough to make a difference; she doesn't think we can do much more than that.

City Manager Whatcott said he just needs to know what number they will have to work with. Whatever amount they decide will make a difference in how he looks through all the proposals, and how they will narrow it down.

Mayor Ramsey worries about all the years she has been here and they have told Mr. Rasmussen and his department "no." They can't keep saying no, and that's why they need to look at this in a much bigger picture.

City Manager Whatcott said our enterprise funds are doing well, Mulligans had a great year last year and they've been busy. He even thinks we can restructure Mulligans in a way that helps them continue to grow. The General Fund is the one in trouble with Parks, Streets and Police. He spoke with Police Chief Jeff Carr about his budget. He saw what was proposed by the Chief and actually thinks it should be more. Chief Carr is being ultra conservative, but Mr. Whatcott has concerns about mental health. They have a victim advocate they want to move from part-time to full-time, and with the number of domestic violence incidents we are having in our city right now we have to have another full-time victim advocate. He's not saying we have to hire another employee, but we need a contract this year with a mental health provider that's set up for law enforcement. He doesn't know the cost, but we need to have long-term mental health care for our law enforcement and other first responders. He believes it's better to have a contract than to hire one person.

Mayor Ramsey said Fire Chief Chris Dawson told her they are doing everything they can to try and generate tax revenue with the transports.

City Manager Whatcott said Chief Dawson went to a new program for the ambulance boxes, when the chassis wear out they don't throw the whole thing away; they take the box off and it can be put back on another chassis with a small upgrade. Chief Dawson spoke with Mr. Naidu about going to different transport units for the facility transports as well, more of a Sprinter van type of vehicle. With the CARES Act money, we were able to get some ventilators to help with critical care. Raising some of our user fees to pay for more, with less subsidies from the General Fund for programs, is a good thing to do as well. To him, even \$70 is the top of his range.

Mayor Ramsey said when she looks at the difference between \$50, which is more palatable, and \$70, it's only \$0.055 a day difference. We live in a community where many families will pay that much for a fast food dinner, but it doesn't change the fact that it's \$70 real dollars.

Council Member Harris said it's the fixed income retired residents that it's going to be hard on.

Mayor Ramsey said this is the hardest part of being an elected official.

City Manager Whatcott said he believes we provide a good service, some of the best. There are other nearby cities that don't provide near as good of service.

Council Member Zander asked the rest of the council who hadn't responded yet about their thoughts on \$70 or \$50.

Council Member Harris said he thinks we need \$5 million, and he wants to break that up over a three year period. He's willing to change his suggestion of \$58.10, but he needs to know our obligations. He doesn't want to have the issue of higher costs down the road because we didn't take care of something now like the roads, but he wants to see all our obligations so he can justify his decision to his constituents.

Mayor Ramsey likes the idea of keeping it under 15%, and \$70 is 16%.

Council Member Marlor is comfortable with a minimum of \$50, he is more than willing to go to \$60 if all five of them can come to a unanimous decision.

Council Member Shelton agrees with Council Member Harris, we need to know what the obligations are.

Council Member McGuire said it needs fine tuning, he is fine with \$68 but needs to see the numbers.

CFO Naidu said there are multiple parts to this. We can use \$1.8 to \$2 million dollars today to fund ongoing operational needs, but we also have the capital side of things. Are we talking about raising taxes to complete capital projects, to just cover what we need for operations, or are we

combining them all together. In his time here, we have always funded ongoing capital projects with left over money, other than a very specific bond for a specific project like a new road.

Council Member Harris said he wants to make sure we take care of needs that would end up costing more down the road, as well as contractual obligations, and then look at the new employee counts. After all of the necessary projects and contractual obligations have been met, how much do we have left for employee requests.

Mayor Ramsey said the number currently is arbitrary.

Council Member Shelton thinks the group is saying that they support a tax increase, but they need to understand what is behind the increase to be able to explain it to the constituents. They want to ensure a level of service that we're all comfortable with, and they are willing to support it if they can understand it.

City Manager Whatcott asked if they'd like him to go into the budget process like usual, preparing a balanced budget based on his recommendations. This means going through all the jobs, eliminating the ones that he believes aren't necessary, and taking the priority positions. He thinks the CARES Act money should be used to fund one-time projects over the coming years.

Council Member Shelton thinks Mr. Whatcott's explanation makes sense. He is hearing the maximum tax increase everyone is comfortable with is 15%, and something south of that would be more comfortable if possible.

Council Member Zander has great respect for the process Mr. Whatcott goes through for this. She's been doing this for six years, and after seeing the great job everyone does each year she respects their process with a well thought out and well managed list. She's glad to hear that all six of them can support an increase.

City Manager Whatcott said he now has some direction. He has been very conservative with budgets because we've been in a tight spot the last few years.

Council Member Shelton said we don't want to go backwards and decrease services; we don't want police vehicles breaking down in the middle of a call.

City Manager Whatcott said we don't want plow trucks breaking down in the middle of a snow storm either. Our guys do a great job prioritizing the vehicles. They have a program that uses analytics to suggest what the true cost is going to be.

Council Member McGuire asked if there is a ratio of police to residents that we try to maintain. He is very concerned about our police and having enough officers.

City Manager Whatcott said there has always been a standard, he doesn't think anyone uses it anymore though; it used to be one officer for every 1,000 residents. We aren't anywhere close to that, but we look at our crime statistics, calls, and that's what drives our decision-making

regarding police. He will bring his list back, if they need to make adjustments they can do that, but he knows the limit now.

Mayor Ramsey said we will need to continue having this conversation annually for the next few years.

Council Member Marlor said if we raise taxes this year, and then hold a truth in taxation the next year without raising them again, that would give us a lot of credibility.

Council Member Zander agrees, it would show the residents we are demonstrating restraint.

City Manager Whatcott said to have a truth in taxation they notify the Tax Commission, they then send us a date.

CFO Naidu said he needs to know if they are raising taxes, and how much, so he can create the budget and send out information.

City Manager Whatcott said that somewhere in the budget process they are going to get to that final number. Mr. Naidu will give that number to the State Tax Commission with the chosen percent increase, and they will set the date for us.

Attorney Loose said Mr. Naidu figured out that on a \$500,000 house in Magna, you pay \$1,131.63 annually; right now in South Jordan residents pay \$450. In Riverton they are paying about \$900, Herriman is \$1,100, West Jordan is \$492 and Sandy is \$323. Sandy already did a big raise a few years ago because they hadn't moved for 20 years. They worked hard to get federal and state money, but eventually theirs will have to go up again.

Mayor Ramsey asked if they are all on the same page, they will ask for the budget to be put together like normal with the preference of staying under 15% if possible.

CFO Naidu said the county will not finalize tax rates until June, which is when the budget is due. The percentage we end up with will be based on the final tax rate they publish. Previously the budget was due on June 22, but the legislature changed that date recently to June 30 to give a few more days.

City Manager Whatcott said they'll put a schedule together, they can talk about it in the next meeting briefly; there are usually two or three budget meetings.

Director Tingey said the meetings are usually on Wednesdays of off weeks.

City Manager Whatcott expressed his gratitude for the council in place, they are willing to make the hard decisions.

Council Member Marlor said he would prefer not to leave the next council with the types of issues he inherited back in 2000, it was a disaster and it's not fair.

City Manager Whatcott said our city's credibility and reputation has only continued to rise. We are not a big city, but we are very strong at the legislature. People call our leaders on the phone and try to recruit our employees. Due to all of that hard work, we've received millions and millions of dollars from the legislature.

Mayor Ramsey said everyone working together so well allows us to do a lot more. It's a combination of having both a great council and a great staff.

City Manager Whatcott said we need to create taxable value. It's all about trying to find collaborative ways to think differently, figuring out ways to collaborate together and save our constituents money.

ADJOURNMENT

Council Member McGuire motioned to adjourn. Council Member Marlor seconded the motion; the vote was unanimous in favor.

The November 30, 2021 City Council budget meeting adjourned at 7:49 p.m.

This is a true and correct copy of the November 30, 2021 City Council Budget Meeting Minutes, which were approved on January 4, 2022.

Anna Crookston

South Jordan City Recorder

General Fund	Projection
FY2023 Projected Revenues	56,610,283
Transfer in	-
FY2023 Total Projected Revenues:	56,610,283
Wages & Benefits	
FY2022 Wages & Benefits	39,791,860
<i>Current Year Changes (Police)</i>	<i>1,006,738</i>
Total Current Year Budget	40,798,598
FY2023 Changes	
Existing Employees	
<i>Current Employee Benefits (All Employees)</i>	<i>2,550,638</i>
New Positions	
<i>New Positions (Fire Only)</i>	<i>375,815</i>
<i>Reclassifications</i>	<i>417,351</i>
Total New Employee Costs	793,166
FY2023 Wages & Benefits	44,142,402
Materials & Supplies	
FY2022 Budget	1,698,217
<i>Proposed FY2023 Changes</i>	<i>22,500</i>
Operating Expenditures	
FY2022 Budget	7,117,294
<i>Proposed FY2023 Changes</i>	<i>37,500</i>
Transfers Out	
Debt Services - 17 Sales Tax	1,102,934
Debt Services - 19 Sales Tax	1,274,500
Capital Equipment - PS Vehicles Leases	808,000
Contribution to (use) of Fund Balance	
Contribution to Fund Balance	
Total Operating Expenditures	12,060,945
FY2023 Total Expenditures	56,203,347
Available funding:	406,936