

## FARMINGTON CITY COUNCIL MEETING

Fiscal Year 2016 Budget Meeting

April 21, 2015

*Present: Mayor Jim Talbot, Council Members Doug Anderson, John Bilton, Brigham Mellor, Cory Ritz and Jim Young, City Manager Dave Millheim, City Development Director David Petersen, Associate City Planner Eric Anderson, City Engineer Chad Boshell, Water Sewer Advisor Larry Famular, Public Works Director Walk Holkenson, City Recorder Holly Gadd and Recording Secretary Lara Johnson.*

An invocation was offered by Council Member **John Bilton** to begin the meeting.

**Mayor Talbot** said the budget will be discussed this evening. He welcomed everyone to the meeting. He turned the time to **Keith Johnson**, Assistant City Manager. **Keith Johnson** said on May 12, 2015, the Council will finalize the 2016 budget.

**Wayne Hansen** spoke on behalf of the City department heads. He said they all worked together to determine what they can do today to make for a better tomorrow. He feels the proposed budgets, as discussed with staff, will assist in accomplishing that goal. He also feels the proposed budgets will allow for City staff to meet and exceed the citizen's expectations, while fulfilling the expectations staff places on themselves. He thanked the Mayor and the Council members for their dedication and support.

**Dave Millheim** said the focus of the meeting is on the draft budget. He and **Keith Johnson** have gone through the draft together as well as collectively with all the departments to ensure all departments are unified on what is being proposed. **Dave Millheim** thanked all the City employees for their hard work; he appreciates a job well done.

**Mayor Talbot** thanked the Council members, as well as the department heads. He said he honors, respects and appreciates all of their hard work.

**Cory Ritz** asked for details regarding money for additional water supply. **Dave Millheim** said this portion of the meeting is just to discuss the General Fund; any money set aside to assistance in water supply will be found in the Water Fund portion of the budget which will be to come.

### FUND BALANCE ANALYSIS – REVENUES AND EXPENDITURES

**Keith Johnson** said typically the projected range is approximately \$1 million; however, due to the number of large upcoming projects, the range has been increased to approximately \$1.3 million. He said there are a lot of things that are not currently considered in the budget, like possible improvements on 1100 W, as the City is unsure the outcome at this time. Having increased funds in the Fund Balance may assist with those unknowns if needed.

He said there are additional needs with increased personnel; the budget allows for an additional 5 employees to be hired. The budget has also planned to care for current employees.

**Keith Johnson** reviewed the current Fund Balance. He said revenues are coming in higher than anticipated increasing the current Fund Balance to approximately \$1.6 million.

There were a total of \$1.4 million in requests for expenses, but the budget has been revised to decrease the total requests by \$500,000 to ensure there is still adequate amounts within the Fund. He said they have tried to grow the Fund to ensure citizens' needs are being met, especially during this time of growth.

With regards to property taxes, **Dave Millheim** said the City has been able to keep increases to a minimum based on the past years. He said the City has greatly benefited from the increased revenue stream that has resulted from all the economic development within the City.

**Mayor Talbot** asked about how the RAP tax will affect the baseline tax budget. Although it is set aside for the specific purpose of the park and gym, **Keith Johnson** said the RAP tax will still be included in the baseline tax budget as it is still a tax.

This year's highlights of the budget include the following:

- General Fund is approximately 19% of total budget;
- Sales Tax is estimated to be approximately 13%, but may grow to over 15%;
- Expenditures have increased to over \$119,000;
- The park and gym construction has begun;
- Completion of the Public Works expansion; and
- Purchase of the ladder truck for the Fire Department.

**Keith Johnson** discussed how the Sales Tax will increase over the next year and how it impacts the future budgets. **Dave Millheim** cautioned that at some point the City's growth rate will level, but that if the City plans on it, it will not negatively impact the budget.

## OVERVIEW OF OPERATING EXPENSES

**Keith Johnson** said the police and fire departments are the largest expenditures; he explained other expenses within the City.

## REVIEW PERSONNEL ISSUES

**Keith Johnson** said collectively, all departments have requested an additional 8 City employees. After discussing all needs collectively, 5 additional employees were agreed upon.

He said there are not any changes in retirement, which also means there are not additional expenditures on it for budgeting purposes.

He said there will be a 3 ½% increase on medical and dental insurance for employees. **Dave Millheim** said that was the lowest increase he has seen in many years and that 90% of cities are seeing a 5-10% increase.

**Keith Johnson** said it was budgeted for a 3% raise for all City employees with an available 2% increased based on merit.

**Mayor Talbot** said he feels the City employees are stretching and doing more than employees in other states. He is appreciative of the City employees' hard work and dedication. He feels the 5% is an exceptional rate; he likes the 3% raise with the addition of the possible 2%. **Cory Ritz** asked if there will be any employees that do not receive the additional 2% if staff feels all employees are doing so well. **Dave Millheim** said those that do not receive the additional 2% will be the exception and not the rule. Although the City may have 5% available, **Dave Millheim** said the City has worked hard to reward merit and would like it to remain as part of the breakdown.

**Keith Johnson** discussed the upcoming personnel hiring needs within the City for the 5 agreed upon employees. The Mayor and City Council supported the hiring needs.

In June, **Keith Johnson** said there will be a \$2 increase to sewer charges. Central Davis Sewer District (CDS) is generating the increase. He said a public hearing must be held prior to this change. **Mayor Talbot** requested CDS give a presentation and discuss the change with the public at that time.

## REVIEW OF DRAFT BUDGET MESSAGE

For the 2016 Fiscal Year, the budget consists of \$9.3 million. **Dave Millheim** said he and **Keith Johnson** worked together on all budget cuts to best determine what is critical and what needs to be amended. He reviewed what will be funded and what will be cut with the Mayor and the Council members.

## OPERATIONS

**Keith Johnson** presented information on the Water Fund. There was a discussion about the upcoming needs of the City with regards to funding of numerous water projects in the future. Staff, the Mayor and the Council members all feel it important to ensure money is being saved and set aside to fund for what may need to be down the road.

**Keith Johnson** also discussed other operations including the Sewer Water Fund and the large projects that may be associated with it, the police department and the bond payments that assist in financing it, capital streets and signals and signage that are included on those streets, the West Davis Corridor response, Park Impact Fees and the possible upcoming uses of those fees and Fire Impact Fees and the need for uses like storage and equipment.

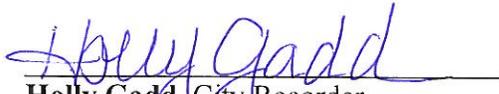
## OTHER BUSINESS

**Keith Johnson** said the adoption of the tentative budget will be on May 5, 2015 with the meeting to finalize the official budget on May 12, 2015.

## ADJOURNMENT

### *Motion:*

At 9:00 p.m., **Jim Young** made a motion to adjourn the meeting. **Doug Anderson** seconded the motion which was unanimously approved.

  
**Holly Gadd**, City Recorder  
Farmington City Corporation