

1 Minutes of the Centerville **City Council Special Budget Meeting** held Wednesday, April 13,  
2 2022 at 5:30 p.m., with participants present at City Hall, 250 North Main Street.

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4 **MEMBERS PRESENT**

5  
6 Mayor Clark Wilkinson

7  
8 Council Members Gina Hirst  
9 William Ince  
10 George McEwan  
11 Robyn Mecham  
12 Spencer Summerhays  
13

14 **STAFF PRESENT**

15 Brant Hanson, City Manager  
16 Lisa Romney, City Attorney  
17 Jennifer Hansen, City Recorder  
18 Nate Plaizier, Finance Director  
19 Mike Carlson, Public Works Director  
20 Cory Snyder, Community Development Director  
21 Bryce King, Recreation Coordinator  
22 Bruce Cox, Parks and Recreation Director  
23 Paul Child, Centerville Police Chief  
24 Lt. Allen Ackerson, Centerville Police Department

25 **FY2023 TENTATIVE BUDGET REVIEW AND DISCUSSION**

26  
27 City Manager Brant Hanson said staff presented a balanced FY2023 Tentative Budget  
28 that included what was necessary to keep up with the City's needs and goals. Presentation of  
29 the FY2023 Tentative Budget to the public and a public hearing were scheduled for May 3,  
30 2022. Finance Director Nate Plaizier stated the Tentative Budget included a property tax  
31 increase, and explained the truth-in-taxation process. Councilmember Ince said he had  
32 significant hesitation with a 40% increase. He said he wanted to offer the same public  
33 engagement process used five years ago. Councilmember McEwan said he anticipated a  
34 recession, and was concerned about the FY2023 Budget and what would be authorized in  
35 terms of increases. He said the question for him was: what did the City need to do in terms of  
36 battenning down the hatches to be fiscally responsible, assuming residents were not going to see  
37 any increases in their income.  
38

39 Mr. Hanson commented that mid-year adjustments to Police Department salaries were  
40 equal to a 22% property tax increase, and the \$75,000 increase in the City's fire assessment  
41 was equal to a 5% property tax increase. A 27% property tax increase would be necessary just  
42 to keep up with the increases in emergency services costs. Councilmember McEwan suggested  
43 using fund balance, and said he had a hard time with the idea of the City having a fat wallet and  
44 asking residents to foot the bill. Councilmember Hirst said she viewed the predicted downturn in  
45 sales tax revenue as a reason to hold onto fund balance to be able to cover necessary  
46 expenses. Councilmember Summerhays said he viewed the fund balance as a rainy-day fund,  
47 not as a fat wallet. Mr. Hanson commented that Davis County was seeing an average wage  
48 growth of 8.6%.  
49

50 Responding to a question from Mayor Wilkinson, Mr. Hanson said the FY2023 Tentative  
51 Budget included a 5% sales tax revenue increase over FY2022. Councilmember Summerhays

1 said sales tax revenue in Centerville was driven by spending on staple goods, compared to  
2 sales tax revenue for someplace like Station Park in Farmington that was driven by  
3 discretionary spending. Mayor Wilkinson said he wanted a budget that would enable the City to  
4 keep its employees in the event of an economic downturn.

5  
6 Councilmember McEwan said he did not know of government employees getting salary  
7 increases equal to the Consumer Price Index (CPI) plus 2%. He stated that government  
8 employees more often kept their jobs during an economic downturn than in the private sector.  
9 He questioned whether a CPI increase was the only reason City employees stayed with the  
10 City. Mr. Hanson said he recommended a CPI increase plus 2% for employees every year to  
11 retain City employees. Councilmember Summerhays commented that Centerville was mid-level  
12 with employee salaries compared to other cities, and said he supported staying just above the  
13 60<sup>th</sup> percentile with employee salaries, regardless of the CPI rate. Councilmember Summerhays  
14 said he was tired of being reactive, and wanted to make sure the City was proactive and up to  
15 speed.

16  
17 Councilmember Ince said prior to 2015 it was a kind of badge of honor that it had been  
18 23 years since a property tax increase was implemented in Centerville. The Council approved a  
19 40% increase around 2016 or 2017, and a few Councilmembers were in favor of a 10% or 15%  
20 increase a couple years later, but were talked out of it because of the economic realities people  
21 were dealing with. Last year, three Councilmembers pushed a 14% increase through.  
22 Councilmember Ince said he was in favor of the 14% increase last year because he knew the  
23 City needed to plan for the future on an ongoing basis. He said he would like to see the increase  
24 for FY2023 around 25% or 30%, but not 40%.

25  
26 The Council and staff discussed General Fund and Fund 47 balance. Councilmember  
27 Ince expressed the opinion that the Fund 47 balance should be protected as water project grant  
28 match funds. Mr. Hanson shared what Clearfield had approved, and what he suspected would  
29 happen in West Bountiful regarding employee compensation.

30  
31 Councilmember Mecham emphasized that all City employees were valued, and said she  
32 would give all employees a huge raise if possible. She said she was concerned with the  
33 potential to lose Public Works employees to the private sector. She expressed support for a 2%  
34 or 4% increase for Public Works above the increase for other employees because of training  
35 and knowledge necessary for Public Works positions. Councilmember Hirst said she agreed the  
36 City did not want to lose well-trained, highly-skilled employees from not paying enough.

37  
38 Councilmember Mecham said she would be comfortable with a 30% property tax  
39 increase in FY2023, and reevaluating next year. Councilmember Summerhays commented the  
40 only way to decrease from a 40% property tax increase to a 30% increase would be to use fund  
41 balance. He added that 40% worked out to be around \$9 per month for the average Centerville  
42 household. Councilmember McEwan said he knew there were members of the community for  
43 whom \$9 per month was the difference between having an essential item or not. Mayor  
44 Wilkinson pointed out the cemetery bond passed last year, and nothing had yet been done.  
45 Councilmember Mecham said she would be comfortable using General Fund balance in  
46 FY2023 and reevaluating for FY2024.

47  
48 Mr. Hanson said the Council needed to discuss General Fund balance policy. He  
49 suggested designating a percentage that would never be touched, perhaps 25%. Mr. Hanson  
50 said he viewed CARES and ARPA funding as helping the City recover from the expected  
51 recession.

1 Councilmember McEwan said he viewed the proposed 30% water rate increase as  
2 necessary, and suggested 30% may not be enough. The Council and staff discussed the Water  
3 Fund. Mr. Hanson said Centerville had done a phenomenal job over the years of keeping debt  
4 low; however, the downside of the pay-as-you-go approach was a low fund balance. He pointed  
5 out there would be no money to grant match for water projects without CARES and ARPA  
6 funding.

7  
8 Councilmember McEwan suggested allocation of RAP Tax revenue could be  
9 reevaluated. He commented that most citizens did not care about the dollar amounts; he  
10 suggested most citizens would hear about a proposed 40% property tax increase and a 30%  
11 water rate increase and combine them in their minds. Councilmember Summerhays  
12 emphasized the importance of public education.

13  
14 Councilmember Mecham stated she would never vote in favor of an annual CPI property  
15 tax increase. She said she believed the City Council needed to reevaluate property tax every  
16 year, and did not want to bind future Councils with a set annual increase. Councilmember  
17 Summerhays said he believed some amount of increase would be necessary every year to  
18 remain proactive, but would not be in favor of setting a specific annual increase.

19  
20 Mr. Hanson said he believed what staff presented to the Council was already middle-of-  
21 the-road in terms of personnel. He said the City already had more turnover in the Public Works  
22 Department than any other department. Public Works Director Mike Carlson spoke of Public  
23 Works Department employees lost to higher-paying positions elsewhere. Parks and Recreation  
24 Director Bruce Cox spoke of the risk of losing employees to the private sector. Mayor Wilkinson  
25 stated the City would never be able to compete with salary in the private sector. Mr. Hanson  
26 said it was important to keep the total compensation package in mind, and said comparing to  
27 other cities made more sense than comparing to the private sector. Councilmembers Hirst and  
28 Mecham said they agreed government jobs were more stable during a recession. The Council  
29 discussed factors outside of salary that had an impact on employees.

30  
31 Mr. Cox spoke of work to be accomplished by the Parks and Recreation Department  
32 during summer of 2022, and said there may be more to do with the current drought conditions  
33 than in a usual summer.

34  
35 The Council and staff reviewed specific line items in the FY2023 Tentative Budget. Mr.  
36 Hanson said he suspected the \$800,000 included in the budget for capital equipment would be  
37 needed every year moving forward for capital equipment. Police Chief Paul Child answered  
38 questions about specific items on the Police Department Budget. He explained that all police  
39 and fire jurisdictions in the County were transitioning to the same records management system  
40 (Motorola Flex), which would require the purchase of both hardware and software (\$69,000 cost  
41 for Centerville).

42  
43 Mr. Hanson explained that generally, at the end of each fiscal year, around \$300,000 in  
44 unspent funds were returned to the General Fund, providing a little wiggle room. He said he did  
45 not yet know how much would be unspent from the FY2022 Budget because of the mid-year  
46 adjustments. Councilmember McEwan repeated support for using a portion of General Fund  
47 balance for FY2023.

48  
49 Mayor Wilkinson suggested the amount budgeted for the City's contract CPA should be  
50 reduced, as well as the amount budgeted for bank fees. He repeated his suggestion to

1 communicate with Wells Fargo about bank fees paid by the City. Mr. Hanson said the amount  
2 for contract CPA services would reduce as responsibilities were shifted among staff.

3  
4 Councilmember Ince expressed the opinion that the City should reinstate the 401k  
5 match for employees, which would add approximately \$150,000 to the budget. Councilmember  
6 McEwan responded that if a 401k match were added, salaries should be held constant.  
7 Councilmember Mecham said she believed employees would want a salary increase over a  
8 401k match. Mr. Hanson recommended further discussion of the suggestion at a future Council  
9 meeting.

10  
11 Mayor Wilkinson asked if any grants were available that did not require a match from the  
12 City. Mr. Hanson said there were, but he would not want to add grant funds in the budget until  
13 granted. Responding to a question from the Mayor, Mr. Hanson stated a take-home vehicle  
14 policy needed to be put in place.

15  
16 Councilmember Mecham asked if there was a limit to the amount of City-funded training  
17 employees could have in a year. Mr. Plaizier explained training decisions were made by  
18 department heads. Councilmember McEwan said the State limited funded training to 40 hours a  
19 year per employee, with additional training funded by the individual department. Councilmember  
20 Mecham suggested accountability to the Council for employee training hours. Chief Child  
21 explained that training requirements for police officers exceeded 40 hours per year. He stated  
22 adequate training for police officers was vital. Mr. Hanson stated department heads would not  
23 approve training that was not valuable. Mr. Carlson spoke of benefits of providing training for  
24 employees. Councilmember McEwan suggested employees report to the Council about what  
25 was learned from training. Mr. Carlson said it would depend on how involved the Council  
26 wanted to be. Chief Child said he agreed it could be difficult to balance time spent in training  
27 with time spent doing the job. Chief Child discussed Police Department overtime with the  
28 Council.

29  
30 Mr. Plaizier reported an additional 4% increase for Public Works employees would have  
31 an impact of \$15,287 on the Water Fund, \$2,964 on the Drainage Fund, and \$34,749 on the  
32 General Fund. Councilmember Hirst said she believed the Council needed to discuss and  
33 consider all City employees currently below the 60<sup>th</sup> percentile. Mr. Hanson said all department  
34 heads were currently below the desired percentile. He expressed concern about compression  
35 within departments in the long run with the proposed lower increase for department heads  
36 compared to other employees. Councilmember McEwan said he believed there were factors  
37 other than compression that contributed to job satisfaction, and said he had never seen a top-  
38 tier employee pushed out because of compression. Mr. Hanson said he had, in a different city,  
39 seen a department head pushed out because of compression issues. He said it was important  
40 to him to pay fairly for the job expected and responsibilities given. Councilmember McEwan said  
41 he agreed with the need for fairness and recognized the need for incremental change.

42  
43 Councilmember Mecham said she knew a property tax increase was necessary for  
44 FY2023, and would be willing to support 30%. Councilmember Summerhays expressed support  
45 for a modest annual increase, and said he would not be opposed to a truth-in-taxation hearing  
46 every year. Councilmember Hirst said she agreed. She said she knew there were citizens willing  
47 to pay for a certain level of service. The Council discussed the long-term deferred maintenance  
48 cost of going more than 20 years without a property tax increase.

49  
50 Mayor Wilkinson commented that adding an amount for a new cemetery could  
51 potentially take the property tax increase to 60%, and said he did not believe a 60% property tax

1 increase in addition to a 35% water rate increase would be a responsible position to take  
2 towards the citizens.

3  
4 Mr. Hanson said he believed Centerville did a good job in the past of developing a sales  
5 tax base with areas like the Parrish Gateway to subsidize the single-family neighborhoods, but  
6 the number of housetops in the City had increased, and commercial growth and income were  
7 not coming into the City at a level to match.

8  
9 Councilmember Hirst said she was not opposed to Councilmember Mecham's  
10 suggestion of funding a portion from fund balance in FY2023, and reevaluating next year.  
11 Councilmember Summerhays said he did not agree with kicking the can down the road.

12  
13 Councilmember Ince suggested \$65,000 would fix all of the employee salary shortages  
14 show in red by staff. Mr. Hanson said to add 25% for related benefits (total of \$81,000).  
15 Councilmember Ince said he would like to see a budget with those salary numbers, giving  
16 administration discretion for allocation. Councilmember Ince suggested taking 20% out of Fund  
17 47, with the recommended compensation change, and said he believed the budget should  
18 recognize gain from disposal of assets (recognize 60% of estimated amount). He said he  
19 acknowledged that a 30% property tax increase would probably be kicking the can down the  
20 road, but given the number of uncertainties, he did not think it would be bad to reevaluate next  
21 year with a potential 10% or 15% increase.

22  
23 Councilmember McEwan pointed out that members of the Council who had been on the  
24 Council for a while, had approved multiple property tax increases over several years, and had  
25 not shied away from making the hard decision and doing what needed to be done. He said  
26 Centerville residents liked a high level of service, which came at a cost. Councilmember  
27 McEwan said he was willing to do what was necessary to make it happen. He requested staff  
28 prepare a table for discussion purposes with potential funding sources, and said he would want  
29 to see Councilmember Ince's suggestions incorporated in the budget. Mr. Hanson said he would  
30 not want the 20% fund balance intended for emergency purposes reflected on the table as  
31 available. Councilmember Hirst said she would be more comfortable setting aside 25% for  
32 emergencies.

33  
34 Mayor Wilkinson expressed appreciation for Brant Hanson, Nate Plaizier, and Jacob  
35 Smith and their efforts with the budget.

36  
37 **ADJOURNMENT**

38  
39 At 9:46 p.m., Councilmember McEwan **moved** to adjourn the meeting. Councilmember  
40 Mecham seconded the motion, which passed by unanimous vote (5-0).

41  
42  
43  
44 Jennifer Hansen  
45 Jennifer Hansen, City Recorder

5-3-2022  
Date Approved

