

SPECIAL COUNCIL WORK MINUTES
MAY 11, 2022

The City Council held a special budget meeting on Wednesday, May 11, 2022, at 1:00 p.m. in the City Council Chambers, 10 North Main Street, Cedar City, Utah.

MEMBERS PRESENT: Mayor Garth O. Green; Councilmembers: Terri Hartley; Craig Isom; W. Tyler Melling; Scott Phillips; Ronald Riddle.

STAFF PRESENT: City Manager Paul Bittmenn; City Recorder Renon Savage; Finance Director Jason Norris; City Engineer Jonathan Stathis; Economic Development Director Danny Stewart; Events Director Brooke Twitchell; Economic Development Assistant Megan Anderson; Public Works Director Ryan Marshall; Water Superintendent Robbie Mitchell; Wastewater Superintendent Eric Bonzo; Street Superintendent Jeff Hunter.

OTHERS PRESENT: Alysha Lundgren.

FINANCE: Jason Norris, Finance Director – a brief financial update. Last week we talked about the subsidy from general fund to enterprise fund, we don't subsidize the enterprise funds, they operate independently. Phillips – by choice or legality? Jason – by choice. Melling – it can't go the other way around. Jason – the State found that other entities raised enterprise fund fees and transferred it to general funds, and they did not like that. We charge administration fees to the enterprise funds, that pay for Tyler, Paul, me and other staff so a fee is charged to each enterprise fund. They can borrow money from each other, we have done that in the past, but that is what enterprise funds can have with the general fund. The financial position is hard to show, I have a spread sheet showing funds and obligations, showing payables and net it against the prior year's cash. Roads don't have a value and we will never sell them. The general fund itself the rainy day fund has about \$5 million if we paid out all of our commitments. The capital improvement fund, including what is proposed for FY 23 we would have \$9 million cash. We are adding a few things that will be discussed later. The tentative budget is a draft we can add or take away from. Hartley – the \$9 million is after the tentative budget? Jason – yes, we are proposing \$2.5-\$3 million this year. The \$9 million is not worth what it was a few years ago because of inflation. Water fund has water acquisition fees and impact fees, we have \$5 million unrestricted, collection \$2 million, plant \$5 million, storm drain is very tight, about \$385,000. We have a suggestion from Sunrise that is \$15 million of projects. Paul another million proposed in the budget that were rejected. Plus, another million for Greens Lake reconstruction. Add into that staffing and operation and maintenance, we will come with a proposal to change rates. Melling – that is what I was wondering about. What is the timeline on how to adjust the rates? Paul – the rates will not be based on the master plan, just the portions we know about and our operation. Jason – Ryan and Jeff will dig into that. The fund isn't insolvent but does not have enough money. We are working with the ARFA funding and working on storm drain issues. The fund is not at a level to take care of it. Solid waste has \$500,000, but garbage trucks have gone up significantly, so we are looking at a rate change. Phillips – does the \$5 million rainy-day fund meet state criteria? Jason – yes, it is a percentage of the budget. Paul – it is between 20% and 25%.

Phillips – a lot of the interest rate earnings were reduced, is that because of low interest rates?
Jason – every year I leave a low interest, I tell you not to worry about it. So, I raise it and rates took a dive. Currently the Fed is pushing rates up, we will see paper losses in long term treasury and debt holdings, it won't be actual losses. A year from now rates are much higher so our interest may be higher. We don't use the interest as part of the fundamental budgeting. Phillips – not calculated in the projections? Jason – no, we don't want to make a problem for ourselves.

Hartley – there were several projects from impact fees, in the past you had a 5-year plan, are these projects in the budget in the plan, does it take anything off schedule? Jason – we have been aggressive on budgeting impact fees. I usually lag on P&R impact fees. We are using what we have collected through April, about \$1.8 million. We won't get all the projects built in the next 12 months. We did the same in water. We are being aggressive there, but we have water impact fee projects that are not shovel ready, by the time approved and bid out we will have the money. We would like water impact fees spent. We have a well and tank we would like to get rolling. Mayor – they are in the budget but won't get done so they are moving forward. Jason – the end is to get the impact fee projects rolling.

Mayor – tell us where the money is held? Jason – we have half of our money with the State Treasure Investment Fund (PTIF), they have a mutual fund of short dated treasuries. The other half, Moreton manages how it is invested; we invest a little further out. We are hoping depending on the yield curve we will get a better average. We have money in two separate places. Paul – all our money is invested with the State Treasure Investment Act that is what we follow.

ECONOMIC DEVELOPMENT: Danny Stewart, Economic Development Director – the budget is straight forward. We will address changes in operating budget, no capital budget. I have two new staff members, Brooke Twitchell in Events and Gabrielle in Communications.

With the addition of the Community Relations & Public Information Officer to my department, we have shuffled our operating budget slightly with adjustments and increases in the following areas: Subscriptions & Memberships – increase by \$9,250 from \$10,750 to \$20,000. This included some adjustments for software subscriptions, organization memberships, etc. Travel and Training – increase by \$250 from \$14,750 to \$15,000. Office Expenses and Supplies – increase by \$2,000 from \$4,000 to \$6,000. Web Site Maintenance (Civic Plus) – increase by \$3,685 from \$12,315 to \$16,000. This year we are due for a website refresh with Civic Plus. Graphic Design – decrease by \$110 from \$9,110 to \$9,000. Community Promotion & Recruitment – increase by \$500 from \$21,500 to \$22,000. The total increase is \$15,075. We will track everything closely through this year to make sure these increases, and adjustments are accurate.

Mayor – I do everything on the cell phone and the website is not as friendly on the phone.
Danny – Civic Plus is seeing that; it is part of the redesign. They stay on top of regulations for accessibility. Melling – on graphic design item, the current year to date is low, are we taking more inhouse? Danny – we haven't been doing as much the past few years. we were