

MINUTES
BUDGET COMMITTEE VIRTUAL MEETING
Wednesday, June 7, 2023, 9:00 AM
Alta Community Center (virtual), 10351 E. Highway 210, Alta, Utah

BUDGET COMMITTEE: Mayor Roger Bourke
Councilmember John Byrne
Councilmember Elise Morgan
Treasurer, Craig Heimark

STAFF PRESENT: John Guldner, Town Administrator
Mike Morey, Town Marshal
Chris Cawley, Assistant Town Administrator
Jen Clancy, Town Clerk
Molly Austin, Deputy Clerk

ALSO PRESENT: Councilmember Sheridan Davis

1. **CALL THE BUDGET COMMITTEE MEETING TO ORDER AND DECLARATION**

00:00:00

Mayor Bourke called the Budget Committee meeting to order pursuant to his May 23, 2023 determination. Mayor Bourke said that it is in the community's best interest to hold this meeting virtually without an anchor location.

2. **DISCUSSION OF THE FY 2023 YEAR-END AMENDED BUDGETS**

00:01:08

Jen Clancy said she had sent out a document with both FY 23 and future year proposed FY 24 numbers. She outlined the topics to be covered in the meeting, which included discussing the 2022-2023 budget, addressing any questions about year-end numbers, and highlighting a significant contribution to the capital projects fund. Additionally, she intended to cover the tentative budget for 2023-2024, various projects, a shuttle proposal memo, tax member summaries, and rates for water and sewer. The meeting proceeded with a focus on the 2022-2023 budget, with particular attention to a specific budget item related to the capital projects fund. Jen expressed their view on the significant contribution to the capital projects fund. They believed that it was necessary for the town of Alta to be more proactive in setting aside money for future capital improvements, especially considering aging buildings and the potential for a new community center. The participant also mentioned that Craig may have his own opinions on this matter.

Craig Heimark emphasized the importance of taking a multi-year perspective when considering tax increases and budget planning. Craig pointed out that Cliff Curry had raised concerns about a proposed tax increase. Craig explained that Cliff's analysis had focused solely on the annual operational budget and excluded capital expenditures. Craig stressed the importance of considering the capital fund's expenses in the coming years as a critical aspect of budget planning.

Councilmember Byrne raised questions about the 100% test, which imposes a limit on the general fund's size relative to the Town's revenue. He mentioned that, with the current budget, the Town was approximately at 82% to 83% of this limit. Councilmember Byrne emphasized the importance of ensuring that the Town's cash reserve, remains full. He expressed concern about the reduction in working capital and capital expenditure contributions. Councilmember Byrne believed that relying on these reductions as a long-term strategy might not be ideal and suggested that it was more of a band-aid approach. He acknowledged the progress made this year but stressed the importance of considering a more sustainable long-term approach.

Craig Heimark emphasized the need to allocate substantial resources to capital projects, especially in an environment where increased demand and load were expected. He highlighted the likelihood of these projects being necessary and the importance of increasing contributions to reserve funds, particularly for endeavors like a significant community center.

Councilmember Byrne echoed the importance of maintaining attention to the operating reserve balances within the general fund, even though it must stay below 100% of the limit. He suggested keeping the reserve between 80% and 90% of the limit, ensuring that it doesn't fall too low. He also mentioned the idea of implementing a test that provides the ratio based on expected revenue, recognizing that it's a moving target influenced by revenue fluctuations. While they agreed on the significance of funding Capital Expenditures, they stressed the importance of also maintaining the appropriate level of operating reserves.

Mayor Bourke followed up on the projected increase in visitation, particularly with a noticeable rise in summer visitors. He pointed out the need for more restroom facilities, especially at trailheads, due to the growing number of visitors. Mayor Bourke mentioned the importance of addressing the issue of human waste due to the lack of adequate restroom facilities. He expressed concern about falling behind in terms of infrastructure to accommodate the increasing levels of visitation.

Councilmember Byrne mentioned that during the last adjustment of the 2023 budget, the salaries for Alta Marshal's was \$690,000, and there were plans to avoid mid-year raises and incorporate them into the next budget. However, they noted that the actual spending in FY 2023 was estimated to be \$40,000 less than anticipated. He sought a response or clarification on this matter. Jen reported she felt confident the budget number was appropriate.

3. DISCUSSION OF THE PROPOSED FY 2024 TOWN OF ALTA BUDGETS

00:30:00

Chris Cawley mentioned that the staff report sent by Jen did not appear to have the search sheet attached, but they were not concerned about it. They stated that there hadn't been any significant changes in the project tracking document since the last budget committee meetings held in May. Chris emphasized that they wanted to convey to the budget committee that a few projects would undergo changes, and these adjustments would be reflected in the final proposed budget presented to the council and the budget committee at the June council meeting. They specifically mentioned updating numbers for the Alta Central Deck Replacement project, indicating that the scope and budget for that project needed to increase. The conversation then appeared to shift to viewing an expanded view of project details.

Chris discussed the deck project and the need for modifications. He reported they had originally intended to replace the deck boards and the membrane below, it became apparent that other structural elements beneath the membrane required attention. The structure in question protected a significant diesel generator that served as an emergency power source for the Alta Central and Town Office. The structure was not watertight, and as a result, they anticipated needing to seek estimates from contractors to address these issues, causing an increase in material and labor costs.

Chris also addressed the community center feasibility study, mentioning the desire to increase the scope and budget. Part of the reason for this was uncertainty about receiving the expected product from an architect engaged to provide an updated cost estimate. Chris acknowledged difficulties in making contact with the architect and anticipated that it would require additional work to develop an opinion of probable costs for a new design. As a result, they were considering a budget proposal between \$50,000 and \$75,000 for this project, which currently had \$50,000 allocated.

Councilmember Byrne expressed a strong desire to see the construction of a community center but also raised concerns about the city's limited resources. He mentioned that with the current staffing situation, which involved a vacant position due to Chris's new role, there was a significant amount of work to be done in the capital expenditure domain. Councilmember Byrne suggested that delaying the community center feasibility study by another year or two might be worth considering, given the substantial time investment required for the project and the need for more progress on infrastructure projects. He expressed his willingness to engage in another study but emphasized the importance of gaining momentum on capital projects. They suggested that if the community center feasibility study were to be shifted to the 2025 budget year, it wouldn't be a cause for concern. Councilmember Byrne believed that this could provide the opportunity to reset the office and make progress on executing various projects.

Craig Heimark acknowledged that historically, there has been underspending in the capital projects allocation and that being short-staffed for the year raised concerns about the ability to execute an increased capital budget effectively. Craig also mentioned that Councilmember Byrne's point about spending more time on the planning part of the project was valid. He believed that spending some amount this year to get the planning started, even if it's incomplete, might be necessary. However, he anticipated that the study would likely be pushed into the next year. This delay would also postpone the decision on whether to move forward with constructing the community center.

Chris Cawley emphasized the urgency of beginning a feasibility study for the community center in the upcoming fiscal year. This urgency was driven by concerns about the state of the current structure and the need to understand the cost implications of replacing it. He mentioned the goal of having a cost estimate for a new facility by February 2024 to inform the budget process for fiscal year 2025. Chris acknowledged the valid comment made by Councilmember Byrne about staffing levels and the number of proposed projects for the next year. He then transitioned to discussing the generator project, noting its urgency due to failures during power outages. Chris explained that they had received a bid for a new generator but were seeking another bid with a potentially shorter lead time. He also mentioned the urgent nature of the generator project due to snowpack and road accessibility issues, emphasizing that it should be moved to the proposed 2024 category when updating the document. Chris briefly mentioned the playground equipment upgrade project, explaining that due to the snow in the park, they wouldn't be able to evaluate the project until the next fiscal year. Consequently, they planned to move it to the 2024 project decision category.

Councilmember Byrne agreed with Chris's points and highlighted the need to project future cash balances, especially when making decisions about allocating funds for studies and future building projects. They emphasized the importance of having an estimated future capital expenditure (capex) fund balance to make informed decisions.

Craig Heimark acknowledged the need for such projections and expressed the intention to provide them, ideally by the current meeting, but no later than the June meeting. He stressed the significance of having a rough estimate of the community center's cost. This information would help in making decisions about expenditures for projects like rockfall mitigation and maintenance, depending on whether the community center's cost estimate was in the range of \$3 million or \$10 million. Craig believed that getting a rough order of magnitude estimate was crucial within the current year to inform future decisions.

Jen Clancy provided an update on a project involving the installation of remote meter systems at Powder Ridge. She expressed her satisfaction that 25 out of the 28 systems had been successfully installed, noting that they had been discussing this project for a few years. Jen shared her excitement about the progress made and mentioned that Chris would continue to manage this project.

Councilmember Morgan apologized for their tardiness, explaining that they had been dealing with a season pass deadline at the town's ski resort. They highlighted the significance of this deadline for the town's revenue. Councilmember Morgan expressed their gratitude for everyone's participation in the meeting despite their late arrival.

Chris Cawley presented a rough estimate of the administrative costs associated with taking over the shuttle program. He outlined various tasks and time budgets required to effectively manage the program. He emphasized the need to go out to bid for a contract given the magnitude of the projected expenses, and the administrative burden associated with managing the vendor. Mayor Bourke asked for clarification, suggesting that the administrative costs could be in the range of \$50,000 to \$70,000. Chris clarified that it was not a significant amount, equating it to a couple of weeks' salary for town staff, which might total around \$2,500 to \$5,000. Jen Clancy and Craig Heimark concurred with Chris's assessment of the cost estimate. Jen noted that the estimate allowed for some flexibility in the range, emphasizing that it wasn't a substantial expense.

The committee discussed the administrative costs and the value of taking over the shuttle program. Councilmember Byrne highlighted that the town is projected to spend around \$26,000 as a net expense on the shuttle for the upcoming year, and he emphasized the importance of exploring opportunities to secure grant funding. Mayor Bourke pointed out that the fact that people are inquiring about the shuttle's operation highlights its value to the community. Craig Heimark proposed implementing a discipline of allocating staff time to major projects, in addition to budgeting for expenses, to provide a more accurate understanding of the resources required for each project. This approach aims to improve the town's ability to execute projects effectively.

The discussion revolved around three taxes: property tax, resort tax, and municipal transient room tax. They are compared with other communities to understand their impacts. Councilmember Byrne noted that while Alta may not have the highest rates in the state, the community is quite small, and the comparison should consider total revenue. Craig Heimark adds that comparing the total tax take from property taxes across communities is essential. The discussion emphasizes the unique aspects of Alta's economy and tax base. Mayor Bourke suggests adding a row for Brian Head, a more analogous

comparison, and Craig Heimark points out the importance of considering the property tax base and the total revenue context.

Councilmember Byrne said he supports the proposed 0.1% property tax increase and suggests it should be implemented. However, he believes that forgoing the 1% transient room tax increase is not a sustainable long-term strategy. He notes that the town is already reducing its contribution to the CapEx fund, which could hinder long-term financial stability. Furthermore, reducing the general fund reserve balance could also have a negative impact. Ultimately, he thinks the town will face these financial discussions again in the future.

Craig Heimark expressed a similar viewpoint to John and said he was considering writing a formal response to Cliff's memo, emphasizing the need for a multi-year view of the town's finances. He acknowledges that, in practice, implementing the transient room tax increase for one year might not have a substantial impact, but he believes it's crucial to document their reasoning and make it clear that the decision is rooted in the town's long-term financial strategy. Craig suggests that a base comparison of property tax revenue would provide a more accurate context for the town's financial situation. He believes that the town's property tax base is limited, especially in comparison to larger communities with more complex economies. This difference in property tax base affects the town's ability to generate revenue and should be considered when evaluating the proposed tax increases.

The discussion continues with various council members and officials expressing their opinions about the proposed tax increases and their impact on the budget, capital expenditure fund, and reserves. There is a consensus that the transient room tax increase should be included in the budget for further discussion at the council level, even if they ultimately decide not to adopt it. Councilmember Byrne stresses the importance of maintaining discipline in funding the capital expenditure fund and avoiding underfunding, given the long-term depreciation of assets.

The discussion revolves around the proposed water and sewer rates. Jen Clancy presents the rate changes, and they discuss the need for capital contributions to the sewer infrastructure and a potential study from an outside expert to assess future sewer infrastructure needs. The sewer rates and capital contributions are discussed, with a proposal to include \$10,000 for sewer infrastructure in the budget. Council members express agreement with this approach. The water fund's financial stability is also discussed, with concerns raised about future expenses and capital projects. They talk about the need for a comprehensive list of projects over the next 10 years and mention a budget item of \$8,000 for potential projects in the sewer department. The discussion highlights the importance of long-term planning and a better understanding of future expenses and infrastructure needs.

The committee discusses the reduction in the administration department's wage amount presented from the previous meeting. Jen Clancy explains that the amounts reflected are due to being down a staff person and a more realistic approach to the budget. She clarifies that the wage study has informed the budget. Mayor Bourke emphasizes the importance of paying competitive wages and suggests that some staff may receive future increases to address this.

Mayor Bourke asks about the communication and infrastructure needs of the Marshal's department. Mike Morey, assures the Mayor that the budget addresses short-term critical needs in this regard. They also touch on the potential need for a community center and building facilities to ensure readiness in emergency situations. Craig mentions the importance of accelerating the study for the community center to determine the cost and feasibility.

Jen Clancy mentions there will be a one hour work session before the June Town Council meeting to introduce the budget to the rest of the town council and allow for questions and discussion.

4. **MOTION TO ADJOURN**

01:46:24

MOTION: John Byrne motioned to adjourn, and Craig Heimark seconded.

VOTE: All in favor. The meeting was adjourned unanimously.

Passed this 29th day of October 2023

Jen Clancy, Town Clerk

DRAFT