

SOUTH JORDAN CITY
CITY COUNCIL BUDGET MEETING

JANUARY 7, 2026

Present: Mayor Dawn R. Ramsey, Council Member Patrick Harris, Council Member Kathie Johnson, Council Member Don Shelton, Council Member Jason McGuire, City Manager Dustin Lewis, Assistance City Manager Jason Rasmussen, Assistant City Manager Don Tingey, City Attorney Ryan Loose, Police Chief Jeff Carr, Director of Administrative Services Melinda Seager, Director of Human Resources Teresa Robinson, Associate Director of Human Resources Corinne Thacker, Deputy Fire Chief Ryan Lessner, Director of Recreation Janell Payne, CFO Sunil Naidu, Director of Planning & Economic Development Brian Preece, Director of Engineering/City Engineer Brad Klavano, Director of Public Works Raymond Garrison, City Recorder Anna Crookston

Absent: Council Member Tamara Zander

Other (Electronic) Attendance:

Other (In-Person) Attendance:

5:05 P.M.
BUDGET MEETING AGENDA

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

Mayor Ramsey welcomed everyone present and introduced the meeting.

B. Invocation – By Assistant City Manager, Don Tingey

Assistant City Manager Tingey offered the invocation.

C. Discussion Item -

C.1. Fiscal Year 2026-27 Budget. (By City Manager, Dustin Lewis)

Mayor Ramsey expressed appreciation for the time and effort staff dedicate to the budget process. She noted that department heads begin working with the City Manager and administration early in the fiscal year to develop recommendations, which are presented to the Council beginning in January. She commented positively on the city's established budget process and expressed gratitude for the work involved.

City Manager Dustin Lewis explained that preparation for the current budget discussion began in September, when staff initiated staffing requests and compiled supporting materials. He stated that the purpose of the discussion was not to introduce new items, but to review the city's overall talent strategy, including how to fund future needs, retain existing employees, and attract qualified

candidates. He requested policy direction from the Council so detailed budget figures could be finalized. City Manager Lewis noted that in the prior year's budget, no new positions were added and only a 1% cost-of-living adjustment (COLA) was funded, which placed the city behind neighboring jurisdictions that implemented increases ranging from approximately 3.5% to 6%. He stated that inflation measures were also higher than the city's adjustment. To remain competitive and attempt to catch up, he indicated that a COLA in the range of 3% to 5% had been evaluated. He further explained that public safety compensation is currently below market, with police salaries approximately 5% behind comparable agencies and fire salaries approximately 10% behind. He noted that mid-year stay bonuses helped police remain competitive temporarily but were a one-time measure. He also reported that several benchmark positions across the organization are below market rates, some by more than 20%. He emphasized that staff have made efforts to remain fiscally responsible and efficient, including evaluating vacancies before refilling them, reorganizing departments, reallocating duties, and leveraging technology. He cited examples of restructuring, including consolidating leadership roles within planning and economic development, and reducing staffing in the information center while shifting responsibilities to departments. He stated that these adjustments were made to maintain service levels and reallocate resources, including supporting the launch of the passport office. City Manager Lewis stressed the importance of retaining experienced employees, noting the financial and operational impact of turnover. He also reported an anticipated increase of approximately 10% in health insurance premiums and stated that staff are evaluating options to manage potential cost increases while preserving benefits. City Manager Lewis continued by emphasizing that the proposed budget strategy focuses on balancing fiscal responsibility with the need to remain competitive in the labor market. He reiterated that maintaining current service levels for residents is a priority, particularly as the city continues to grow. He explained that sustaining those service levels requires both appropriate staffing and adjustments for rising operational costs, including materials, services, and contractual obligations affected by inflation. He noted that staff have modeled multiple financial scenarios to understand the impacts of various compensation adjustments and benefit increases. While preliminary estimates have been developed, final detailed figures will be prepared once the Council provides clear direction regarding compensation, staffing priorities, and benefit strategies. He stated that after receiving that direction, the finance team will incorporate finalized numbers into the proposed budget for formal consideration. He reiterated that the primary objectives are employee retention, competitive compensation, responsible financial planning, and preserving the high level of service residents expect from South Jordan. City Manager Lewis reported on employee turnover trends, noting that the city's average turnover rate over the past several years has been approximately 11.5%, increasing to 12.5% in the most recent year. He stated that while some turnover is healthy, the city experienced 53 full-time employee separations during the year, of which 44 were voluntary. Based on exit surveys and discussions with departing employees, the primary reasons cited were compensation and opportunities for advancement. He noted that these departures are consistent with the city's current position below market in several salary comparisons and acknowledged that well-trained and capable employees are often recruited by other agencies due to the city's investment in staff development.

Council Member McGuire inquired whether employee turnover was concentrated in one department more than others.

City Manager Lewis responded by outlining the positions affected by turnover. He reported losses across multiple departments, including engineering, building inspection, finance, information technology, planning, fire, police, public works, parks, and golf operations. Specific positions included an associate engineer, building inspector, deputy director of finance, senior accountant, billing clerk, director of information technology (retirement), director of planning, engineering inspector, fire captain, multiple paramedics and a firefighter/EMT, police sergeants (including one retirement), police officers, technical services specialist, victim advocate, records technician, special events coordinator, golf course maintenance worker, food service coordinator, electrician, parks maintenance workers, street maintenance workers, a streetlight blue stake technician, and water maintenance workers. He noted that many of these roles are frontline service positions critical to daily operations. Of the total separations, 83% were voluntary, and approximately 70% of those were considered “regrettable” losses, meaning they involved high-performing employees in key positions the city would have preferred to retain.

Council Member Harris asked for clarification regarding the nature of the voluntary separations. He inquired how many departing employees left for promotional opportunities at higher-level positions that may not have been available within the city, as opposed to leaving for similar positions elsewhere primarily for higher compensation.

City Manager Lewis responded that some of the departures were for promotional opportunities, while others were lateral moves for higher compensation. He noted that the Deputy Director of Finance accepted a director-level position in another city. He indicated that many of the police officers who left accepted lateral positions with other agencies, and that at least one engineering position involved a move to a similar role with higher pay. He invited staff to provide any additional clarification regarding specific cases.

Multiple department directors provided additional clarification regarding employee departures. They indicated that several positions, including an inspector, left for similar roles in other cities with higher pay. A planner departed for another opportunity, though not necessarily for increased compensation. It was also noted that the city electrician left for a higher-paying position. Directors indicated that compensation was a common factor in many of the departures.

City Manager Lewis added that the top three reasons identified for employee departures were other employment opportunities, compensation, and career advancement. He also highlighted future workforce considerations, noting that at the start of the budget process staff identified 71 employees eligible for retirement within the next five years based on years of service or age requirements under applicable retirement systems. He reported that the updated figure has increased to 76 employees, representing a significant portion of the workforce that may retire within that timeframe. He emphasized the importance of preparing the next generation of leadership to fill key roles and maintaining a succession plan. He noted that losing experienced employees, particularly deputy directors or other critical staff, disrupts the city’s succession planning and results in the loss of investments in their development. He explained that discussions with employees indicate that compensation is often the primary factor influencing decisions to leave, and that many employees would prefer to stay if they were offered competitive pay. To address this risk and retain talent, he recommended considering merit increases in the range of 3% to 5%. City Manager Lewis then shifted the discussion to staffing requests, noting that the positions

being requested would not be a surprise and that department directors and chiefs were present to provide additional context if needed. He began with public safety, highlighting that of the 13 positions requested, most are for this area. In the police department, four officer positions were requested, two for traffic and two for patrol. He noted that no officers were hired the previous year and explained that the long-term plan has been to hire approximately four officers annually to keep pace with growth. He added that most current allocations are filled, and the department is planning to fill held positions to start the new year fully staffed.

Mayor Ramsey noted that the city currently has no unfilled openings beyond those being actively held for staffing purposes, highlighting this as progress compared to the previous year.

City Manager Lewis credited the Police Chief and HR for their efforts, emphasizing the city's focus on hiring high-quality candidates who fit the organizational culture. He noted that the goal is to avoid simply filling positions and instead select individuals who contribute positively to the team and minimize long-term risks.

Council Member McGuire acknowledged the city's goal of targeting high-quality candidates but questioned whether four new police officers would be sufficient given that no officers were hired the previous year. He expressed that public safety concerns, such as increased patrol needs and parking enforcement, are common among residents. He noted that new developments and reduced on-site parking often result in overflow into neighborhoods, increasing demands on police resources.

Police Chief Jeff Carr explained that the department has implemented cost-saving measures by creating a Community Service Officer (CSO) position. CSOs handle issues such as abandoned vehicles and parking complaints at a lower cost than a full-time police officer. He noted that CSOs are effective at managing recurring problems because they monitor ongoing issues rather than simply responding to individual calls.

City Manager Lewis added that the department may request an additional CSO to address increasing parking and traffic demands, particularly with growing development and new venues such as the downtown Daybreak and the ball field. He further explained that hiring additional officers does not directly translate to more officers on patrol at all times. For example, to increase field presence by one officer consistently, approximately five officers must be hired due to scheduling and training constraints.

Police Chief Carr provided historical context, noting that the department has grown from around 50 allocations in 2015 to roughly 80 positions today, including the CSO position. He emphasized that gradual, consistent hiring is preferable to hiring multiple officers at once, given limitations on training resources and field training officers (FTOs).

Council Member Shelton asked about the department's capacity to train new officers, seeking clarification on how many recruits can be effectively trained at one time.

Police Chief Carr responded that the department's training capacity is limited to approximately six new officers at a time. He noted that training more than six simultaneously would be challenging

due to resource constraints, although the department has successfully managed this number in the past.

Council Member Shelton noted that hiring five new officers would effectively result in one additional officer being regularly available on patrol, highlighting the relationship between staffing numbers and field coverage.

Police Chief Carr clarified that to provide consistent 24/7 patrol coverage, approximately 5.5 officers are needed to equate to one full-time officer on the street at all times. He further explained that because a police officer's workweek is limited to 40 hours, maintaining continuous 24/7 coverage requires approximately five to six officers to cover a single full-time position on the street.

Council Member Shelton shared observations from his campaign, noting that residents generally did not express concerns about police interactions but frequently mentioned issues with traffic violations and noisy vehicles. He referenced feedback from neighbors who rarely see police officers on the streets, highlighting public perception of patrol coverage. He suggested that adding another officer to provide consistent 24/7 patrol coverage would be a worthwhile goal for the current budget cycle. He emphasized that this concern reflects resident feedback he received during his campaign and noted that similar observations were likely shared by Council Member McGuire.

Council Member McGuire shared that he has received similar feedback over multiple years, with residents consistently requesting increased police presence on the streets.

City Manager Lewis explained that the Police Department is requesting two part-time positions, a records technician and an investigations analyst, be converted to full-time positions due to significant workload demands.

Police Chief Carr elaborated that the investigation's analyst role involves preparing cases for the district attorney and city attorney. Currently, the part-time analyst cannot manage the full workload, requiring investigators to perform some of these tasks. This reduces the time investigators can dedicate to investigative work and results in higher-paid staff performing work that could be done by a lower-paid analyst. Converting the position to full-time would allow investigators to focus on their primary responsibilities and ensure cases are thoroughly managed.

Council Member Johnson asked whether the current part-time records technician and investigations analyst are willing to transition to full-time positions.

Police Chief Carr believes that both the part-time records technician and investigations analyst would be interested in transitioning to full-time roles. He noted that the department's support staffing is low compared to similar-sized cities. As an example, Sandy, with a slightly larger population and higher call volume, has ten records clerks, while South Jordan has only 2.5. Increasing the part-time analyst to full-time would better align staffing with workload and allow the department to maintain service levels efficiently.

City Manager Lewis summarized that the current Police Department requests include four new officers and upgrading the two part-time positions to full-time. He noted that there may be consideration for adding a fifth or sixth officer to enhance patrol coverage.

Mayor Ramsey indicated that she would wait to evaluate the Police Department staffing requests until all departmental requests and budget considerations have been presented. She acknowledged the importance of the discussion but emphasized the need to consider the full context before making decisions.

City Manager Lewis addressed the Fire Department's staffing needs, noting that as the city plans for the future opening of Station 65, additional firefighters will be required. Rather than hiring all positions at once, the department recommends a phased approach over several years. To start, the Fire Department is requesting three firefighter/AEMT positions. These hires would help manage current overtime costs, support cross-training and specialized training, and prepare staff for future deployment at the new station.

Deputy Fire Chief Ryan Lessner explained that the Fire Department's request for three firefighter/AEMT positions is a conservative approach to address projected growth in the western part of the city. These positions ensure minimum emergency medical service coverage while providing time for recruiting, training, and preparing for future promotions. As Station 65 opens, additional staffing and promotions will be needed, and these new hires will help backfill positions and maintain service levels.

City Manager Lewis explained that the Fire Department is requesting two additional positions. The first is a Fire Marshal, a role currently covered by multiple staff, including the Chief Building Official and a fire inspector. With city growth and increasing building inspections, it is now practical to have a designated Fire Marshal. This role also supports succession planning, ensuring that institutional knowledge is transferred before retirements occur. The second position is a Records and Data Specialist for the Fire Department. As call volumes, particularly EMS calls, increase, and compliance and training record keeping requirements grow, this position will manage records and data efficiently, supporting department operations.

Deputy Fire Chief Lessner elaborated on the need for the Records and Data Specialist position in the Fire Department. As the department grows, the volume of records, training documentation, and database management has increased significantly. The specialist would manage these responsibilities, including handling daily and weekly GRAMA requests, maintaining training and certification records, and overseeing grant-related documentation. This position ensures compliance and efficient management of departmental data.

City Manager Lewis reviewed the remaining full-time and part-time staffing requests. In addition to the six police and five fire department positions previously discussed, two additional full-time positions are requested due to city growth: a Cybersecurity Technician and an Associate Director of Recreation. The Cybersecurity Technician is needed to support the city's increasing network security demands across more than 600 users, multiple devices, and numerous software platforms, helping to maintain compliance with state privacy requirements and reducing the city's cyber risk.

City Manager Lewis noted that the city has been recognized for strong cybersecurity practices, which have helped reduce insurance costs, but the growing workload requires an additional dedicated staff member. The Associate Director of Recreation is requested to assist with managing the department, as the current director's workload is extensive, particularly with the oversight of the Mulligans facility. Adding this position would improve program delivery, allow for more effective management of staff, and support the department's overall operations. Part-time staffing requests include an additional driver at the Senior Center to meet growing transportation demands. Currently, they only have a sole part-time driver, so the Community Center Manager Jamie Anderson is having to split time between driving and managing senior center programming, which limits the department's ability to provide consistent services. Additionally, four seasonal parks maintenance workers are requested to address increased workload during peak periods, including seasonal park upkeep and cemetery duties previously shifted to the parks department. He emphasized that the seasonal positions are cost-effective, as they provide additional labor only during high-demand periods without creating permanent staffing commitments. In total, these requests include 13 full-time positions and several part-time and seasonal positions to support public safety, recreation, and operational needs. He emphasized that these additions are intended to maintain service levels for residents, support succession planning, address workload pressures, and ensure the city can respond effectively to growth and operational demands.

Council Member Johnson inquired about the part-time, seasonal positions. City Manager Lewis responded that the primary challenge would be recruiting workers willing to perform the work at the compensation offered, describing it as a difficult task. Council Member McGuire questioned the pay rate. City Manager Lewis responded those positions are paid \$17 per hour. Council Member McGuire explained that \$17 per hour was insufficient to attract applicants for labor-intensive tasks and acknowledged that the difficulty in filling the positions was understandable given the current compensation.

City Manager Lewis explained that the last request is for a part-time communications coordinator to support the communications team with social media, event coverage, photography, and content creation. An intern had previously assisted during the busy spring recreation season, but the limited hours were insufficient. He noted that some of the requested part-time positions could be funded through internal savings and anticipated revenue increases. However, funding additional public safety positions would require a revenue increase, potentially through an 8–10% tax increase, with higher percentages if more positions were added. Overall, he indicated that, aside from public safety, the proposed positions could be accommodated within the current budget.

Council Member Johnson asked what the total dollar amount or average cost would be for the property tax increase. City Manager Lewis clarified that the proposed 8–10% tax increase would result in an estimated \$50 annual property tax increase on a home valued at approximately \$650,000. CFO Sunil Naidu clarified that a 10% increase would equate to approximately \$47 annually, while an 8% increase would be approximately \$38 annually. City Manager Lewis stated that the proposed tax increase would be necessary to fund the requested public safety positions. Council Member Johnson asked whether the proposed percentage represented the full amount of

the needed increase or if additional funding would be required. City Manager Lewis clarified that the referenced increase would apply solely to personnel costs associated with the request.

Council Member McGuire stated that, in addition to personnel costs, the Council would need to discuss other potential funding needs, including capital improvement projects (CIP), maintenance funds, and infrastructure expenses such as road maintenance. He clarified that the proposed 8–10% increase addressed only personnel costs and noted that additional adjustments would have to be considered at a future meeting to account for other funding needs. City Manager Lewis indicated that, as an alternative, the city could reduce the number of planned projects, such as completing four projects instead of five. Council Member McGuire emphasized that maintaining the City's current level of service is a priority, particularly in staying on top of all maintenance projects. He noted that while new improvements are important, the focus should remain on consistent upkeep to prevent long-term deferred maintenance, citing concerns about other cities that have fallen behind over time.

CFO Naidu explained that the city has been reviewing upcoming capital projects, which will be brought back for further discussion in March. The CIP committee and department directors have prioritized projects and identified funding sources, including leftover general fund money, impact fees, sales tax, transportation sales tax, and Class C funds. Based on current resources, most prioritized projects can be funded, with the exception of the new Fire Station 65. Funding the fire station's debt service would require a projected 9–10% increase. However, he noted that, by strategically planning over multiple years and considering anticipated revenue growth, the City could potentially absorb part of this cost without an immediate full increase, possibly reducing the impact to around a 4% increase. Council Member McGuire asked about the timeline for bringing Fire Station 65 on board. CFO Naidu stated that the current plan is to have Fire Station 65 operational by fiscal year 2029.

Mayor Ramsey emphasized the importance of exploring revenue sources beyond property taxes. She expressed a preference that existing residents should not bear the full cost of growth and noted that growth-related expenses have been anticipated since 2018. She highlighted the need to increase sales tax revenue and mentioned pending legislation that would cap annual property tax increases at 5% across all taxing entities, which could limit flexibility for future funding. She encouraged consideration of alternative revenue options to address upcoming funding needs for the City's projects and services.

City Manager Lewis explained that the City's primary revenue sources are property taxes, sales tax, and other fees. He noted that sales tax currently makes up the largest portion but is the least stable, as it is subject to economic fluctuations. He suggested that an alternative approach could be to establish service areas and implement fee-based charges, which some cities use to fund public safety, essentially creating a targeted revenue source similar to a tax. Mayor Ramsey clarified that she is interested in exploring ways to grow the City's sales tax base through increased economic activity, rather than increasing the sales tax rate itself.

Council Member Johnson noted that a key challenge in growing sales tax revenue is increased competition from other cities, as well as changes in how sales tax is collected, which previously provided the city with higher returns.

Mayor Ramsey noted that the city once captured a larger share of sales tax revenue, but shifting shopping patterns have reduced its portion as residents increasingly shop elsewhere. She stressed the importance of developing a strategic plan to grow the sales tax base, highlighting the City's unique challenges, including the Daybreak area, and emphasized exploring options before placing additional tax burdens on current residents to fund growth-related expenses.

Council Member Johnson suggested that the city could encourage residents to make purchases within city boundaries as a way to help grow the sales tax base. Council Member McGuire noted that while the city makes some efforts to encourage local shopping, many residents prioritize convenience and may shop outside the city, such as traveling to nearby Riverton, without realizing the impact on the City's sales tax revenue.

Mayor Ramsey emphasized the importance of developing a strategic plan to increase the City's sales tax base, even if no immediate solution is available this year. She noted that neighboring cities are experiencing varying levels of success with sales tax growth and expressed a desire to explore innovative approaches to generate additional revenue, relying on the expertise of those in the room, so that the burden does not fall solely on property taxes.

Council Member Johnson raised a concern that increasing sales tax could create a double burden on businesses in the Daybreak district, which recently implemented its own local sales tax increase.

CFO Naidu explained that any increase to the City's sales tax rate requires legislative approval, as the rate is set by the Utah Legislature. The city can also implement sales-related fees for specific purposes, within certain limits. He noted that the City's share of sales tax revenue is affected by a population-based formula: historically, rapid population growth increased the City's portion, but slower relative growth now reduces it. He also highlighted that online sales and new residential growth can influence revenue, but distribution formulas limit the City's share. He confirmed that proposed legislation capping property tax increases at 5% would include new growth, which could further impact funding options.

Mayor Ramsey stated that legislative changes affecting local revenues are expected to be a significant issue in the upcoming session and acknowledged that it may limit future funding flexibility. She reiterated the need to more deeply explore options for expanding and diversifying the City's sales tax base, including strategies to recapture commercial activity that has shifted to neighboring communities. She expressed concern that reliance on property tax increases is not a long-term solution and encouraged early, broader evaluation of alternative revenue tools, including exploring whether the City could qualify for additional tax classifications, such as resort community status. She emphasized the importance of proactively identifying sustainable revenue strategies to address ongoing financial challenges. Mayor Ramsey suggested that the city could consider modest user-based fees, such as adding a \$1 charge to baseball ticket sales, as a potential way to help offset service demands. She emphasized that she was not proposing a specific solution

but encouraged exploring a range of options to strengthen revenue sources beyond property and sales taxes, recognizing the increasing demands placed on the City.

City Manager Lewis asked for clarification from the Council, inquiring whether he should proceed with preparing the budget with no proposed tax increase and reduce the requested positions and funding needs accordingly.

Mayor Ramsey responded that she had not heard any Council Member indicate that there should be no increase or that the requests should be reduced at this time.

Council Member Shelton stated that, while he supports taking a longer-term and more intentional approach to identifying creative funding strategies, he is not opposed to pursuing additional revenue through a property tax increase for the current year, if feasible following the legislative session.

Council Member McGuire suggested that staff may need to prepare two budget scenarios. He stated that while the proposal presented appeared solid, it would require an 8–10% property tax increase, and with potential legislative limits of 5%, the Council may need to consider a contingency plan as an alternative.

City Manager Lewis stated that a contingency option would be to follow the approach taken the previous year, hiring no new staff and providing no raises, but emphasized that this is not a sustainable strategy to implement annually.

Council Member McGuire stated that while he is not enthusiastic about an 8–10% increase, he could support it. However, he expressed concern about potential legislative action that could limit the City's ability to implement such an increase.

City Manager Lewis responded that if legislative limits are imposed, the city would have to operate within those constraints. He noted that he has already reduced expenses wherever possible and indicated that there is little remaining flexibility to further decrease the budget.

CFO Naidu noted that if the legislature limits the property tax increase; for example, to 1%, the city will need to adjust its budget and potentially reconsider service levels. He referenced proposed legislation that could require the city to prepare and advertise two budgets: one with no tax increase and one showing proposed increases, including explanations of potential cuts if the increase is not approved. He emphasized that there are many ongoing discussions regarding property tax legislation that could impact budgeting decisions.

Mayor Ramsey added that a county property tax increase referendum is gaining significant attention and momentum, and it may proceed to allow voters to decide. She emphasized that relying solely on property tax increases is not ideal for funding city needs and highlighted the importance of exploring unconventional options. She suggested considering strategies the city has not previously examined, such as pursuing resort community designation to access additional tax revenue, noting that legislative and other constraints may limit whether the city can implement its preferred funding plan.

Director of Planning & Economic Development Brian Preece explained that, to qualify as a resort community, more than 50% of lodging units must be transient, such as hotel rooms. He referenced his experience in Midway City, noting that the majority of housing units must meet this transient requirement to qualify for resort community tax status.

Mayor Ramsey stated that while the city has already taken all feasible steps to manage funding, she wants to explore additional options to identify new revenue opportunities. She emphasized that the priority is taking care of residents and employees but acknowledged that the city may soon face limited tools to do so. She noted that exploring these broader strategies may not provide a solution for the current year but is necessary for long-term planning.

Council Member Shelton emphasized the importance of intentionally seeking creative ways to generate new revenue, in addition to reallocating existing resources. He expressed appreciation for staff's efforts in maximizing current resources and encouraged continuing that proactive approach while also exploring additional funding opportunities, echoing the Mayor's call for broader strategic planning.

Mayor Ramsey asked whether the cost-of-living adjustment (COLA) and merit increases, which she emphasized are necessary to retain and support employees, could be covered within existing revenues.

CFO Naidu confirmed that the city can cover all existing employee costs, including COLA and merit increases, within current revenues. He noted that, depending on prioritization, only one or two of the 13 proposed new positions might also be funded, but the remaining new positions would require additional resources.

Mayor Ramsey asked whether any of the proposed revenue increases would result from establishing a special public safety district.

CFO Naidu explained that the city currently generates approximately \$17 million in property tax revenue, while the total cost for police alone is about \$25 million. He added that even if a public safety district were created and the City's full \$17–18 million in property tax revenue were allocated to police, fire services, covering 80% of the need, would still require separate funding. He noted that the fire department has been effectively pursuing alternative revenue sources, including discussions with Jordan Valley and other surrounding hospitals, leveraging the City's unique capability to provide emergency transport services.

Council Member Shelton asked for clarification on the progress of generating additional revenue for fire services, seeking confirmation about the status of those efforts.

CFO Naidu estimated that the additional revenue for fire services is currently around \$2.5 to \$3 million. He explained that the amount is lower than expected because the city must now bill itself, which delays the collection cycle and reduces the immediate funds recorded in the financial system. He added that previously, the University of Utah would issue monthly payments directly for transport services, covering the costs based on the number of transports. Now, the city must handle the billing internally, which changes the timing and process for collecting those funds.

Mayor Ramsey clarified that the proposed increase for public safety is not driven by growth, but by the fact that current property tax revenue, approximately \$17 million, does not fully cover existing police costs of \$25 million. She emphasized that even current residents are not paying the full cost of providing public safety services, and that this distinction is important for accurately framing the funding need.

Assistant City Manager Don Tingey added that, based on his experience as a resident of Herriman, the amount paid there for fire services alone is roughly equivalent to what most South Jordan residents pay in total property taxes, highlighting that South Jordan's current property tax rates are comparatively low relative to the cost of providing services.

Mayor Ramsey explained that when other cities created their public safety districts, they clearly communicated the full cost to residents, which resulted in an increase that more accurately reflected the true cost of providing those services.

CFO Naidu added that establishing a public safety district would make funding more transparent, allowing residents to clearly see the cost of services. He noted that under the current system, the city covers public safety costs from various other sources, which is less visible to residents, even though funding it remains a priority. Council Member Johnson asked what additional costs would be incurred to create and manage a public safety district, beyond the city's existing expenses. CFO Naidu responded that the public safety district would still be administered by the city, implying that additional administrative costs would be minimal or managed within existing operations.

Council Member Shelton asked specifically about fire services, inquiring how much is required to fund fire services. CFO Naidu responded that the fire budget is approximately \$12 million. He noted that while both fire and police generate some revenue, it is not sufficient to fully cover their costs, and additional funding would still be required.

Police Chief Carr noted that dispatch services, managed by VECC, cost the city close to \$1 million, funded only through 911 assessments and phone bill fees, which have not increased in years. He suggested that adjusting these fees slightly, such as increasing the monthly 911 charge from nine to eleven cents, could be a more palatable way for residents to support rising operational costs, including the addition of new personnel, rather than relying solely on property taxes.

Council Member McGuire asked about the potential downsides or risks of creating a public safety district. City Manager Lewis responded that the primary downside would be that it effectively adds another line item to residents' tax bills. Mayor Ramsey stated that she does not view that as a downside, noting that creating a public safety district could increase transparency for residents regarding how their taxes are used. Council Member McGuire added that having it as a separate line item would provide greater transparency, showing residents the actual cost of public safety services. CFO Naidu noted that a potential downside is that implementing a public safety district cannot be done all at once and would need to be phased in systematically. Council Member McGuire stated that addressing the public safety funding issue is urgent and cannot be postponed. He noted that the city has been underfunding the true cost of services for years and emphasized the need to begin tackling the issue rather than continuing to delay. CFO Naidu noted that the city

previously charged street light fees, but at some point, decided to eliminate those fees and absorb the cost into property taxes without raising the overall property tax rate. Council Member McGuire commented that while some fee-based approaches, like street light fees, seem excessive, public safety is a core service. Mayor Ramsey noted that Herriman charges residents a park fee of \$5 per month. Council Member McGuire added that during one of his first years in office, resident surveys indicated a willingness to pay \$3–\$5 per month in fees. He acknowledged that it is uncertain whether residents would feel the same way today and noted that while the legislature has considered eliminating such fees multiple times, they have not done so. He emphasized that public safety remains a service for which a dedicated fee could be justified.

Mayor Ramsey noted that the transportation utility fee, which the Utah Supreme Court has ruled permissible, now has a streamlined process for implementation in the state. She suggested that the city should seriously consider exploring this as a potential source of revenue. City Attorney Ryan Loose stated that legislation this year seeks to codify the Utah Supreme Court's ruling and to address efforts by some cities to implement public safety fees instead of establishing districts or other funding mechanisms. Mayor Ramsey stated that having clear state guidelines would make implementing fees, such as transportation or public safety fees cleaner and more straightforward. She noted that the Supreme Court has upheld such fees as legal, allowing cities like Pleasant Grove, Alpine, and Provo to continue using them. While acknowledging that no one wants to cut service levels or compromise employee support, she emphasized the need to explore every possible revenue option to meet service and staffing needs.

Council Member Shelton observed that, to some extent, service levels have already been reduced due to staffing constraints. He noted that parks are being mowed less frequently and acknowledged that there are likely many other areas where services are not being fully maintained, effectively resulting in unintentional service cuts.

City Manager Lewis asked the Council for guidance on how they would like staff to prepare the budget moving forward.

Council Member Shelton stated that he would like clarity on which of the revenue ideas discussed could realistically be implemented this fiscal year versus those that are longer-term strategies. He emphasized the need to evaluate staffing priorities, for example, whether hiring certain firefighters or police officers would meaningfully improve service levels for residents. He suggested preparing a budget that includes proposed staff and FTE increases while also considering potential legislative constraints and continuing to explore additional revenue sources for future planning.

CFO Naidu asked whether the Council wants staff to explore creating a public safety district. He noted that it could not be implemented this fiscal year, but, according to City Attorney Loose, the process could take about a year, potentially allowing the district to be in place by the following year.

City Attorney Ryan Loose confirmed that a public safety district could not be implemented in the current budget year, but it might be possible by the next budget year, beginning July 1, 2027. He

noted that creating a district involves multiple landowners, public hearings, and potential protests, and stated that staff can research the process and provide more details for the next budget meeting.

Council Member Shelton acknowledged that creating a public safety district would not provide a solution for the current fiscal year.

City Attorney Ryan Loose stated that while implementing a transportation utility fee could be relatively quick, the more time-consuming part is the supporting study, similar to an impact fee, because it requires gathering the data to justify the fee. The actual fee implementation process itself is not expected to be lengthy or complex.

Assistant City Manager Jason Rasmussen asked if the Council would like staff to begin exploring the transportation utility fee and determine how long it would take to implement. Council Members agreed that is something they would like to know.

Council Member Shelton commented on the idea of a transportation utility fee, noting that while he prefers a tax as a more transparent approach, resident acceptance is important. He suggested that a line item on a utility bill, similar to Herriman's parks fee, might be more palatable to residents than a direct property tax increase.

Director Preece explained that while the transient housing exemption requires 66% of the population to be transient, a city can impose a fee within a designated major sporting events venue zone. He noted that this could potentially apply to the stadium, depending on its qualifications.

Mayor Ramsey clarified that such a fee would not affect city residents but would apply only to visitors staying in local hotels and attending events. Council Member McGuire noted that in Glenmore, fees could be applied to tournaments and events they host. Mayor Ramsey questioned whether the ballpark or the pickleball facilities would qualify the city for such a fee, and asked if staff could research and determine the eligibility.

City Attorney Ryan Loose summarized the items for staff to research; the transportation utility fee, the process for creating a special district such as a public safety district, and the potential for park fees. He noted that most fees are typically usage-based, which is why the transportation utility fee requires a detailed process and why some organizations seek exemptions. He referenced Herriman's flat \$5 park fee, which has likely not been legally challenged, and highlighted Pleasant Grove's transportation utility fee as a strong example where usage data supported the fee. He added that the transportation utility fee is generally calculated based on demand at a central location, so the fee would apply to both businesses and residences in proportion to usage. Some organizations might be excluded, but the overall approach spreads the cost across users based on their impact.

Mayor Ramsey cautioned that if the property tax increase approaches or exceeds 10%, it could trigger a referendum, which could be difficult to pass. She emphasized the importance of carefully following all procedural requirements, referencing last year's issues in other cities, where minor oversights in the Truth in Taxation process resulted in approved budgets being nullified. She stressed that while she does not anticipate missing any steps, staff must be thorough to avoid unexpected complications.

Council Member Harris asked for clarification on future budget implications, noting that while there is currently sufficient revenue to cover merit and COLA increases for existing employees, new hires, particularly in public safety, may create funding gaps. He expressed concern that, based on current trends, future budgets could face a recurring challenge, covering new positions without relying on additional tax increases for each round of hiring. City Manager Lewis responded that predicting future budgets is challenging due to the variability of sales tax revenues. He noted that while trends were previously more consistent, recent years have shown greater fluctuation, and inflation adds additional uncertainty, making it difficult to forecast with confidence. Council Member Harris expressed concern that if current conditions remain constant, the city will need to implement additional tax increases each time new employees are hired, particularly for public safety. He noted that while he isn't assigning blame, this cycle of repeatedly raising taxes is not a sustainable way to scale services. He emphasized the importance of exploring alternative revenue sources to avoid burdening residents year after year and highlighted the political pressures that could arise if the issue isn't addressed proactively. He noted that voters have a limited tolerance for tax increases, and the city must remain mindful of that while planning budgets. He added that relying on repeated tax increases to fund necessary hires, such as additional officers and firefighters, is not sustainable long-term. He urged the Council and staff to seriously explore alternative revenue options to ensure essential services can be funded without repeatedly exceeding the public's tolerance for taxation.

Council Member Shelton suggested that creating a public safety district could make tax increases more acceptable to voters, as it would clearly show that additional revenue is tied directly to hiring and funding public safety personnel.

Council Member McGuire added that a public safety district would provide residents with greater transparency about tax increases. He noted that when taxes rise, some residents may perceive it as "bloated government" or excessive employee pay, without understanding the true costs of maintaining essential services. A dedicated district would allow the city to clearly show that increases are tied to hiring and funding police, fire, and public works, helping residents see the actual purpose of the tax changes.

Council Member Johnson suggested increasing transparency by involving residents earlier in the budget process. She emphasized educating the community on the true costs of services, such as police and fire personnel, rather than presenting finalized decisions that could create surprises. She noted that even smaller issues, like mosquito abatement, have previously drawn significant public attention, highlighting the need for proactive communication and engagement.

Mayor Ramsey stated that she trusts the council and staff to do what is right for the city, but she emphasized the need to explore alternative approaches to funding. She noted that future legislative or regulatory changes may limit the city's options, making it essential to begin evaluating different strategies now rather than waiting.

Council Member Johnson added that it is part of the council's responsibility to engage with legislators during the session to advocate for the city's interests and ensure that potential constraints on funding options are addressed.

City Attorney Loose noted that, while legislative proposals are gaining momentum, nothing has been finalized yet. He emphasized that the process would involve pushback and negotiation. He highlighted that the mayor is actively engaged and positioned to influence outcomes.

Council Member McGuire expressed appreciation for the staff's efforts, acknowledging the difficulty of the budget process and the careful analysis involved. He noted that internal discussions often challenge assumptions about resource allocation but affirmed confidence that a workable solution will be reached.

Mayor Ramsey agreed, noting the difficulty of the current budget situation for everyone involved, but emphasized the council's commitment to doing what is necessary. She highlighted the need to explore a Public Safety district. She also inquired about whether the city updates its cemetery impact fees regularly, similar to other impact fee analyses.

CFO Naidu confirmed that the cemetery impact fees are reviewed periodically. Public Works conducts comparisons with surrounding cities and evaluates who is charging what, then presents the findings, typically on a regular schedule, though this may have been before some council members' tenure.

Assistant City Manager Rasmussen added that in 2014 a comprehensive cemetery fee analysis was conducted. At that time, the council allowed a one-time fee increase but directed that future increases be avoided, opting instead to subsidize ongoing costs. Since then, the cemetery fees have not been revisited seriously, in accordance with that prior council direction.

Staff noted that the cemetery fees were increased slightly at one point, but the previous council decided to eliminate the perpetual care fees. That decision dates back around 2014. Staff have recently requested that the fees be reviewed again, given that it has been over a decade since the last assessment, and they plan to bring recommendations back to the council.

Director Preece explained that one potential revenue opportunity lies in the Rio Tinto area, where the city is negotiating the master development agreement. He reflected that in Daybreak, past decisions to cap retail and office space may have limited growth and that adjusting such parameters could help expand the tax base. He emphasized that additional forecasting is needed to estimate potential sales tax from these areas, including revenue from ticketed events, and noted that staff are exploring other commercial development options. He clarified that these initiatives would take time and will not provide immediate revenue for the current fiscal year. However, strategically, the city should focus on attracting grocery-anchored centers and other commercial development in areas like Rio Tinto to grow the tax base.

Mayor Ramsey noted that recent legislation, HB 151, levels the playing field for large retailers, eliminating the need for costly incentives to attract big-box stores, which helps the city pursue growth without significant financial outlay. Overall, these efforts are part of a longer-term plan to strengthen the city's sales tax revenue.

Council Member Johnson motioned to adjourn the January 7, 2026 City Council Budget Meeting. Council Member Shelton seconded the motion. Vote was 4-0, unanimous in favor; Council Member Zander was absent from the vote.

ADJOURNMENT

The January 7, 2026 City Council Budget Meeting adjourned at 6:56 p.m.

UNAPPROVED