

1 **NORTH OGDEN BUDGET RETREAT MINUTES**

2
3 February 20, 2014

4
5 The North Ogden City Council convened in an open meeting on February 20, 2014 at 8:10 a.m.
6 in the North Ogden City Council Chambers at 505 East 2600 North. Notice of time, place and
7 agenda of the meeting was delivered to each member of the City Council, posted on the bulletin
8 board at the municipal office and posted to the Utah State Website on February 14, 2014. Notice
9 of the annual meeting schedule was published in the Standard-Examiner on January 24, 2014.

10
11
12 **PRESENT:** Brent Taylor Mayor
13 Kent Bailey Council Member
14 Justin Fawson Council Member
15 Lynn Satterthwaite Council Member
16 Cheryl Stoker Council Member (Arrived at 11:55 a.m.)
17 James Urry Council Member

18
19 **STAFF PRESENT:** Ronald F. Chandler City Manager
20 S. Annette Spendlove City Recorder/HR Director
21 Bryan Steele Finance Director
22 Kevin Warren Chief of Police
23 Craig Giles Public Works Director
24 Tiffany Staheli Parks and Recreation Director

25
26 Tiffany Staheli offered the invocation and led the audience in the Pledge of Allegiance.

27
28 **ACTIVE AGENDA**

29
30 **1. FINANCIAL TRENDS**

31
32 City Manager Chandler stated early in his career he was introduced to a program that performs trend
33 analysis and he has used it ever since. He provided the Council with a 38 page document including the
34 data from the trend analysis and he briefly highlighted a few items from the document such as the
35 comparison of year to year per capita data; revenues per capita; data regarding restricted revenues used
36 for capital financing; data regarding elastic revenues such as sales tax revenues. Most of North Ogden
37 City's revenues come from sales tax and a much smaller portion comes from property tax revenues.
38 Another trend relates to user charges and fees and whether those fees cover the costs associated with a
39 service being provided. The City subsidizes the majority of the services provided to residents. There was
40 a brief discussion regarding the idea of creating an enterprise fund associated with the North View
41 Aquatic Center; fees will be charged at the Center to cover the operational cost at the facility. Mr.
42 Chandler then focused on the trend of expenditures per capita. This trend is somewhat deceiving because
43 it does not encompass the amount of money residents are paying in taxes to other entities, such as the
44 North View Fire District. Also, in recent years the City stopped contributing to the motor pool fund and,
45 instead, used the money available in that fund to balance the general fund. Last year the Council made
46 the decision to fund one-third of the motor pool costs, this year there will be an additional one-third in
47 funding, and next year the final third will be contributed. It would cost \$240,000 to fully fund the motor
48 pool at this time. This is an additional trend related to personnel costs for the City, which have not

49 changed much over the past 10 years. Mr. Chandler also focused on the trend relating to expenditures by
50 function, which provides a breakdown of trends in each individual department of the City and includes
51 the percentage of the total net operating expenditures. There was a brief discussion regarding the
52 fluctuation in expenditures in a few of the departments with a focus on changes in personnel costs due to
53 reduction in force by attrition. Mr. Chandler then reviewed the trend relating to employee benefits as a
54 percentage of salaries and wages; it is a very important indicator for the City and it illustrates that in 2002
55 employee benefits constituted 32 percent of salary costs, but by 2012 that percentage grew to 52. If that
56 trend were to continue, benefit costs would constitute 75 percent of employee salaries by 2024 and that is
57 unsustainable. In 2013 the City offered a high deductible health insurance plan to the employees, which
58 resulted in a dip in benefit costs to 48 percent of total salary costs. He reviewed the structure of the high
59 deductible health insurance plan in comparison to the traditional health insurance plan and explained how
60 savings were realized. Health benefit cost increases are a national problem and options for addressing the
61 problem are dwindling. Mayor Taylor stated that it is important for the Council to keep in mind that
62 some of the salary and benefit numbers in 2009 and 2010 are skewed by the fact that the City lost its Fire
63 Department due to the creation of the North View Fire District. Salaries appear to have remained
64 constant while benefit costs have continued to increase. Mr. Chandler then referenced the trend relating
65 to enterprise funds in the City and their net income before considering depreciation. When depreciation
66 costs are added to the budget, all enterprise funds with the exception of the solid waste fund are not able
67 to fund those depreciation costs. In the past the Council has set a goal to fund depreciation and the City
68 continues to work towards meeting that goal through steps like rate increases. Mr. Chandler concluded
69 the trend report indicates the City is doing well and making improvements, but there are still challenges
70 ahead of the City. The City needs to continue to work towards fully funding the motor pool fund and
71 improving employee compensation among other things. There was a discussion regarding operations and
72 funding of the Fire Department before it was eliminated due to the creation of the North View Fire
73 District. This led to an additional discussion regarding the average household income for residents in
74 North Ogden.

77 **2. REVENUE TRENDS AND PROJECTIONS**

78 **a. FEE SCHEDULE DISCUSSION**

79
80 Finance Director Steele used the aid of a PowerPoint presentation to provide the Council with information
81 regarding revenue trends and projections for the upcoming fiscal year. The presentation began by
82 explaining that during the coming year, Utah will experience moderate growth. Nationally, growth levels
83 are expected to continue improving. However, the state economy will not outperform the U.S. to the
84 degree that it did following the Great Recession. It has taken the rest of the country longer than Utah to
85 rebound from the recession. Mr. Steele reviewed a chart identifying the general fund revenue sources for
86 the City and noted sales tax is the City's biggest source of revenue. There was a brief discussion
87 regarding how sales tax revenues are distributed to cities throughout the State based on population and the
88 location of the sale; the discussion led to legislation regarding sales tax and property tax. Mr. Steele
89 provided the Council with information regarding the different tax sources that the City has some sort of
90 control of. The City has seen an increase in sales tax revenues over the past two years and this year the
91 projection is for revenues to continue to increase, though the rate of increase will not be as rapid. The
92 City budgets conservatively for sales tax revenues, which usually results in a sales tax revenue surplus.
93 Mr. Steele stated he estimates the City will recognize an increase in the coming fiscal year of \$250,000
94 over last year's sales tax revenues. Council Member Urry inquired about historical data relative to the
95 City's utility franchise tax revenues and Mr. Chandler explained that revenues have increased
96 significantly since 2004 growing from \$618,000 to \$1,080,000, but the growth leveled off in 2008 and
97 has been fairly flat since that time. The tax is levied on phone, power, and gas utilities and the City enters
98 into franchise agreements in order to charge the taxes. Utility taxes tend to increase in times of growth

99 and when usage rates increase. Mr. Steele then reviewed historical data regarding the City's sales tax
100 collections and building fee collections from 2008 to the current fiscal year. Mr. Chandler provided some
101 information regarding the process to issue building permits for The Cove housing development. Mr.
102 Steele explained the average home value in North Ogden is \$207,600 and the City receives \$188.74 in
103 property taxes annually for a home with that value. A five percent increase in property tax rate is equal to
104 approximately \$52,400 in additional revenue for the City. Mr. Chandler noted that the citizens have the
105 option to file a referendum to oppose a property tax increase, which has made the property tax increase
106 process much more difficult. Mr. Steele then explained that the total of remaining revenues will remain
107 approximately the same; estimated total revenues are projected to increase about \$310,000. One-half of
108 any projected increase in revenue over last years budgeted revenue will be transferred to the Capital
109 Projects Fund – or \$155,000.

110 111 112 **3. CONSIDERATIONS FOR 2014-2015 FISCAL YEAR BUDGET**

113 **a. SALARIES**

114
115 Mr. Chandler then stated this discussion is in follow up to the work done by the City's Employee
116 Compensation Committee; the Committee has been asked to attend a future Council meeting to
117 participate in a discussion regarding how to proceed with implementing their compensation ideas. He
118 provided the Council with a brief history of the work completed by the Committee to date. He provided
119 each Council Member with a handout including salary data for each employee of the City and identified
120 the employees' wages compared to market rates identified for their positions. He stated he has made
121 recommendations to increase or maintain employee salaries according to how their current salary
122 compares to the market and whether an employee fits within the cost control, retention, or attraction
123 employment category. He used his own position as an example and stated the City Manager position is
124 considered to be in the retention category and, therefore, his wage increase would be approximately seven
125 percent.

126
127 Council Member Fawson asked if benefits are calculated into salaries. Mr. Chandler answered no. There
128 was a discussion regarding how the City's benefit package compares to benefit packages offered in other
129 cities.

130
131 Mr. Chandler then stated the bottom line is that if the Council were to follow the method recommended
132 by himself and the Committee, the total cost to the City would be \$250,669 per year in perpetuity. Mayor
133 Taylor stated that would be six percent of the total City budget. Mr. Chandler then explained the process
134 staff has undertaken to lump employees within a salary range position in the City. If all employees were
135 assigned to the correct salary range position and compensated according to the recommendations of the
136 Committee, the cost to the City would be \$238,631; this is a more realistic number because it factors
137 some of the employee turnover issues that have occurred in the City. Mr. Chandler stated his
138 recommendation differs slightly from the recommendation of the Committee and that is why they have
139 been invited to a Council meeting to have further discussions regarding this issue.

140
141 Mayor Taylor stated he met with the Employee Compensation Committee Chair, Neal Berube, recently
142 and he communicated that he feels it is very important to make some changes to employee salaries based
143 on the recommendations of the Committee; he recommends using market salaries as a guide. He added
144 Mr. Berube also recommends ranking jobs by importance and making decisions regarding the critical
145 positions sooner. He concluded Mr. Berube feels the Council needs to be very proactive regarding this
146 issue.

147
148 Council Member Bailey asked if Mr. Berube is representing his own feeling or the feelings of the entire
149 Committee. Mr. Chandler stated that the Committee collectively shares the same position as Mr. Berube.

150 He then discussed different ideas for implementing salary increases are dependent on several different
151 factors, such as the need to retain employees that the City has made significant investments in. Mayor
152 Taylor added that he has met with each Department Head of the City since taking office and each of them
153 have expressed their concerns regarding salary issues in the City; he stated they are not whining but are
154 genuinely expressing that the amount of money their employees are being paid are not sufficient to
155 support their families. He noted the City could make a small investment in exchange for good will and
156 loyalty from the employees; this is the number one thing that impacts employee morale. Council Member
157 Bailey stated the Council has been waiting for reasonable recommendations from the Administration
158 before acting. Mr. Chandler reminded the Council that the employees did receive a three percent, one-
159 time bonus last year and he reminds the employees of that from time to time.

160
161 Council Member Satterthwaite inquired as to the amount of time that has gone by since City employees
162 last received a pay raise. Mr. Chandler stated raises were last given in fiscal year 2010.

163
164 Council Member Bailey stated he would like for the City to employ a policy that allows for review of
165 salaries on a regular basis so that the City is not in this situation again. City Recorder Spendlove stated
166 the City has a policy that calls for a wage analysis every three years, but it was not done because of
167 economic conditions. There was a discussion regarding the policy as well as the work that has been done
168 by the Committee, which was followed by a discussion regarding the amount of money the City invests in
169 a new Police Officer with a focus on the fact that many Police Officers begin seeking work with other
170 jurisdictions after they are trained due to the fact that other jurisdictions offer much higher pay
171 opportunities. Council Member Fawson stated he is of the mindset that the Council vote to implement
172 pay raises for the Police Department as soon as possible to 'stop the bleeding'. There was a discussion
173 regarding how to make those changes given that the financial information being discussed is relative to
174 the next fiscal year. Council Member Urry inquired as to the turnover rate of the Police Department.
175 Chief Warren stated he has lost three police officers in the last 18 months. Mr. Chandler stated it would
176 be necessary to review historical data to determine the actual turnover rate and when reviewing that data
177 the City's turnover rate would likely be modest. Council Member Urry stated that he wants to ensure that
178 the City is considering the entities that employees are moving to. He noted the City cannot compete with
179 jurisdictions like Salt Lake City or Utah Highway Patrol. Mr. Chandler agreed, but added the City has a
180 lack of promotional opportunities for long term employees and he concluded that he has compared to
181 entities with comparable population and budget rather than to all entities within a 75 mile radius of North
182 Ogden City.

183
184 Council Member Satterthwaite reiterated the importance of a policy that addresses this issue and provides
185 consistency so that employees know they can expect relative to potential pay increases or cost of living
186 adjustments. Mayor Taylor agreed.

187
188 Mr. Chandler then explained there are some employees that are within the cost control category and they
189 will not receive a pay increase according to the recommendation he has provided to the Council. It is
190 understood that there may be higher turnover in those positions. This was followed by a brief discussion
191 regarding the problems with considering the market when determining salaries; there are many more
192 intangible benefits that an employee considers when determining employment that is appropriate for them
193 and their family. There was a general discussion regarding how to implement salary increases City-wide,
194 after which Mayor Taylor stated he and Mr. Chandler will take the Council's recommendations under
195 advisement and make changes to the proposal prior to the next budget retreat meeting during which the
196 Council will have the opportunity to review the proposal with the Employee Compensation Committee.

197
198
199
200

201 **b. OTHER EXPENDITURE ITEMS**

202
203 Mr. Steele reviewed other items that could potentially impact the next fiscal year budget. The
204 expenditures were highlighted in Mr. Steele's PowerPoint presentation as follows:

- 205
- 206 • Retirement increases
 - 207 • Non Public-Safety Employees: Tier 1 – 1.18%, Tier 2 – 1.14%
 - 208 • Public Safety Employees: Tier 1 – 1.54%, Tier 2 – 1.53%
 - 209 • With salaries as they are now, impact on general fund is roughly \$25,000, on enterprise
 - 210 funds it is about \$5,000.
 - 211 • Motor Pool Funding
 - 212 • Continue on path to fully fund Motor Pool. Still around \$240,000 short in fully funding.
 - 213 For this year, we will add ½ of that amount to the funding. Of which about \$85,000 will
 - 214 come from the General Fund.
 - 215 • Health Insurance
 - 216 • No figures yet, generally start with a 10% increase. (\$41,000 increase in General Fund
 - 217 and \$10,000 increase to other Funds). If employees are currently on the HDHP and
 - 218 choose to go to the traditional health plan, it represents an increase of \$1,850 to the city.
 - 219 • Impact Fee Analysis
 - 220 • The City needs to update its Public Facilities Plan and Impact Fees. The study needs to be
 - 221 certified by an outside source. \$25,000 - \$50,000
 - 222 • Utility charges to other funds
 - 223 • two ways it can be handled
 - 224 • Charge those funds for the services they use as any other customer
 - 225 • If they are not charged then it is considered a transfer from the Utility Funds to
 - 226 other funds and a notice has to be sent out to the other utility customers showing
 - 227 the amount of “transfer” and a public hearing needs to be held in regard to the
 - 228 matter.
 - 229 • Staff will determine how much this amounts to and have it ready for the tentative
 - 230 budget.
 - 231 • Police to Factor Identification Equipment
 - 232 • Required to be in place by September 2014
 - 233 • Initial cost to City is \$9,500
- 234

235 There was brief general discussion about a few of the items included in the bulleted list. There was a
236 focus regarding how the City's impact fees compare to impact fees charged in other cities and how those
237 fees can be challenged by developers.

238
239 Mr. Chandler led a discussion regarding utility charges to other funds and stated this practice will be
240 greatly impacted when the Aquatic Center is transitioned to an enterprise fund. This led to a discussion
241 regarding metering of water used at City facilities, parks, and the Aquatic Center. Council Member Urry
242 stated he wants to understand the true cost to operate the Aquatic Center and, for that reason, he wants to
243 ensure the water used there is metered and the enterprise fund pays for water usage. Mr. Chandler stated
244 that is ultimately the Council's decision, but it is a common practice for cities to not charge their various
245 Departments for utility services. Council Member Urry stated that practice can distort the true costs of
246 the City.

247
248 Chief Warren then provided the Council with information regarding the need to purchase and install two-
249 factory identification equipment. There was a general discussion about how the equipment works.

251 **Council Member Satterthwaite moved to recess for lunch. Council Member Bailey**
252 **seconded the motion.**

253

254 **Voting on the motion:**

255

256 **Council Member Bailey** aye

257 **Council Member Fawson** aye

258 **Council Member Satterthwaite** aye

259 **Council Member Stoker** aye

260 **Council Member Urry** aye

261

262 **The motion passed unanimously.**

263

264 **The meeting reconvened at 12:08 p.m.**

265

266

267 **2.a.FEE SCHEDULE DISCUSSION**

268

269 Mayor Taylor stated he would like to revert back to item 2a on the agenda given that all Council
270 Members are now present. Copies of the consolidated fee schedule were provided to each Council
271 Member and the document was briefly reviewed by Mr. Chandler.

272

273 Council Member Urry stated he had some concerns regarding business license fees relative to the fact that
274 fees should be based on the cost that the City incurs in administering the business licensing program.
275 Council Member Bailey stated the City has studied that issue and has data to back up the fees that are
276 charged. Mr. Chandler agreed and stated the most recent study was conducted two years ago. There was
277 a general discussion regarding the reasons the City requires businesses to be licensed and there was a
278 focus on the difference between proportionate and disproportionate fees. Mr. Chandler read the section of
279 City Code that defines a business in the City and specifies how businesses are licensed. Mayor Taylor
280 stated the focus of the discussion should be that the City Code is followed and all businesses should be
281 treated fairly and made to adhere to the same licensing requirements. Mr. Chandler then stated that he
282 had a recent discussion with the City Attorney regarding the reason that the North Ogden City Council
283 approves business licenses; he asked what would happen if the Council were to deny an application for a
284 business that had met all of the City's licensing requirements. He explained the City Attorney told him
285 that in that event the City would get sued and would lose because there is no warranted basis for denial.
286 He asked the Council if they feel it is necessary for them to continue to approve business licenses or if it
287 would be sufficient to provide basic information to the Council regarding licenses that have been
288 approved by the Administration. The Council concluded they would like to have the information about
289 businesses licensed in the City. There was then a general discussion regarding the types of businesses
290 that are permitted in the City and the restrictions and regulations for those businesses, with a focus on
291 conditional uses throughout the City. Mr. Chandler stated it may be necessary to direct the Planning
292 Commission to review the sections of City Code that provide conditional use regulations.

293

294 Mr. Chandler continued his review of the fee schedule and there was a discussion about the fee associated
295 with a hearing with the City's Administrative Hearing Officer. Council Member Bailey stated he likes
296 the idea of implementing a fee that covers the actual costs of holding the hearing. Mr. Chandler stated the
297 consolidated fee schedule will be voted upon in conjunction with the budget. Council Member Bailey
298 stated he also feels it is a good idea for staff to study fees, such as business license fees, to ensure they are
299 not exorbitant and simply cover the cost of administering the business licensing program.

300
301 Council Member Stoker asked if someone has to pay to use the posse grounds and the lights at the
302 facility. Parks and Recreation Director Staheli stated that residents can use the park at any time free of
303 charge; the fee included in the fee schedule is for groups or events. Council Member Urry provided the
304 Council with a brief history of the reason that the junior posse is not charged for use of the posse grounds.
305 Mr. Chandler added that he has been talking with the junior posse leadership about the potential of
306 hosting a rodeo in North Ogden. He then stated he wanted to raise the idea of changing the name of the
307 Community Services Department of the City; it is being confused with different community service
308 organizations and staff prefers calling the Department the Parks and Recreation Department. The Council
309 concurred with the recommendation to change the name. Mr. Chandler stated he will conduct research to
310 determine how to make the change.

311
312 Council Member Bailey stated a young resident approached the Council recently asking for help in
313 locating an archery park in the City; he was directed to work with staff and has been told the City is not
314 interested in the idea and he asked for more information about that issue. Chief Warren stated he and Ms.
315 Staheli have looked for a safe location for such a use and the City does not have a park that provides that.
316 He stated he met with the resident and suggested that he participate in the potential development of a gun
317 and archery range in West Ogden. There was a brief discussion regarding the criteria that must be met to
318 make a site safe for an archery range. Mr. Chandler also provided the Council with an update regarding
319 the request to rename the North Ogden skate park after Kit Collins. The Cherry Days skate board event
320 will carry Mr. Collins' name and the family was also given the option of erecting a memorial for Mr.
321 Collins at the skate park, such as a bench.

322
323 Council Member Satterthwaite asked if there is a different price for a non-resident to purchase a season
324 pass at the Aquatic Center. Ms. Staheli answered no and stated that is because passes were not being
325 purchased by non-residents and it was of greater financial benefit to the City to offer a season pass at a
326 flat cost to all users and market those passes more heavily; more passes have been sold at the flat rate.
327 The cost for non-resident passes was \$10 more than the cost for a resident pass and the City only has to
328 sell four or five more resident passes to make up the amount of money that was being generated by that
329 additional \$10. There was a discussion regarding the amount of people that visit the pool each day during
330 the season, with a focus on how many of those people are season pass holders versus how many have
331 purchased a day pass. Council Member Urry stated that prices at other pools are less than the prices
332 charged at the North Ogden Aquatic Center and this led to a discussion regarding the fact that rates were
333 increased to make a concerted effort to cover operational and personnel costs associated with the Center.
334 Mr. Chandler stated that if there is anything he could change about the pool he would remove the splash
335 pad and expand the lazy river. He added he would also like to add more security cameras to the facility
336 and provide the life guards with additional training regarding when it is appropriate to ask for assistance
337 from the Police Department. Mayor Taylor stated he would like Ms. Staheli to conduct research to
338 determine if it would be sensible to extend the hours of operation at the pool to increase use and generate
339 additional revenues. Council Member Fawson asked if it has been easier for Ms. Staheli to staff the
340 lifeguard positions. Ms. Staheli answered yes and stated it became easier when the wages for the
341 lifeguards were increased. She noted she is already hiring for the upcoming season.

342
343 Mr. Steele then resumed his presentation regarding budgeted expenditure items and stated that at the end
344 of June 2014 the Fund Balance is projected to be around 16% of General Fund revenues or about
345 \$945,000. The City has guidelines that General Fund Balance will not be less than 10% of General Fund
346 Revenue (this amounts to approximately \$600,000 currently). This can be written into a financial policy
347 as discussed at the work session in February. There was a discussion regarding recent legislation that
348 increased the maximum amount that could be held in the Fund Balance to 25 % of General Fund revenues
349 and Council Member Bailey suggested that the City always strive to have that amount in the Fund
350 Balance. Mayor Taylor stated it is necessary to determine funding for capital projects and other items as

351 well. Mr. Steele explained additional budget issues include creating a new enterprise fund for the Aquatic
352 Center. There was a discussion regarding the operational subsidy of the Aquatic Center with a brief focus
353 on the budget for the Center and the idea that 90 percent of the costs associated with the Center are being
354 covered by revenues generated at the facility. The debt service for the swimming pool bond comes from
355 taxes generated by the Redevelopment Agency (RDA).
356

357 Mr. Steele stated another budget issue is the potential creation of a Street lighting fund which will allow
358 for: installing new sodium based street lights costs about \$2,250. For LED lights it costs about \$3,250.
359 Switching out current street lights (sodium based) to LED costs about \$1,350 per light (112 need to be
360 changed); and creation of a street lighting utility fund where all revenue would go to install new street
361 lights and change current lights to LED. If a \$1 fee was added to resident's utility bills it would generate
362 approximately \$5,600 per month or \$67,200 annually to install and replace street lights (which is 20 new
363 street lights or 50 light replacements). Council Member Bailey inquired as to the reasoning for replacing
364 functioning sodium lights with LED lights. Mr. Chandler stated the City is spending a lot of money to
365 replace bulbs on the sodium based lights each month; a research project is underway to determine the
366 actual bulb replacement costs. There was a discussion regarding implementing a policy to dictate the
367 manner in which the lights will be replaced, with Council Member Bailey asking for additional
368 information to be presented at the next budget retreat meeting to illustrate the cost to continue the current
369 practice compared to converting to LED lighting. He also asked if the issue could be addressed by the
370 creation of a special improvement district (SID). Mayor Taylor stated he feels street lighting is something
371 residents are willing to pay for. Council Member Bailey agreed, but noted he would like to implement a
372 sunset clause to reduce or eliminate street lighting rates once the street light conversion is complete.
373
374

375 **c. CAPITAL PROJECTS**

376 **i. REVIEW OF CAPITAL FACILITIES PLAN**

377
378 Mr. Steele then reviewed the following projected fund balances; as of June 30, 2014 staff anticipates the
379 following fund balances:

- 380 • CAPITAL PROJECTS FUND - \$505,423 (W/O TRANSFER FROM GENERAL
- 381 FUND)
- 382 • WATER FUND - \$1,826,844
- 383 • SEWER - \$899,908
- 384 • STORM WATER - \$1,278,384
- 385 • MOTOR POOL - \$955,677
- 386 • POLICE MOTOR POOL - \$133,140
- 387

388 The amounts are what should be in the accounts after 50% of the balance is transferred to the Fund
389 Balance.
390

391 The Council took a break at 2:00 p.m. and the meeting resumed at 2:14 p.m.
392

393 **ii. PUBLIC WORKS FACILITY FUNDING**

394
395 Mr. Chandler stated each Council Member was provided a copy of the City's Capital Facilities Plan
396 (CFP); the Plan was created in 2006 and the year to year capital facilities project come from the Plan; the
397 Parks CFP has also been added to the plan. He then stated he wants to have a discussion about the Public
398 Works Facility Project and he reviewed the process the selection committee has undertaken to select a
399 contractor for the project and there was a brief discussion about the bids submitted by various contractors.
400 Mr. Chandler stated the anticipated total project cost is \$2,282,775, which includes site work; the cost
401 could increase to \$2,557,775 if certain aspects of the project are selected. The project budget is \$2.2

402 million, so any amount over that will need to come from new revenues from any enterprise fund; the only
403 funding source that cannot be accessed for the project is impact fee revenues. He added he also feels a
404 contingency amount should be added to the project budget. He then briefly reviewed the various aspects
405 of the project. The contract will be presented to the City Council soon and decisions will need to be made
406 regarding whether it is necessary to increase funding for the project or cut various aspects from the bid
407 and project. There was a general discussion regarding the bid amounts and Council Member Bailey
408 stated he does not feel he can make a decision until he has heard all other requests for capital funding.
409

410 Mayor Taylor asked if there are any aspects of the project that Public Works Director Giles feels are an
411 absolute necessity. Mr. Giles stated the salt storage shed is a very important aspect of the project to
412 increase efficiency.
413

414 **iii. 2014-2015 CAPITAL PROJECT REQUESTS**

415
416 Mr. Steele noted the capital fund fund balance has a projected ending balance for FY 2014 - \$505,423;
417 there will be a transfer from General Fund of ½ projected increase in revenue for FY 2015 - \$165,000.
418 The total amount available to be spent \$670,423. He then reviewed the capital project request for the
419 upcoming fiscal year. Council Member Satterthwaite stated he would like to have an opportunity to
420 review supporting documentation for the projects to gain an understanding of the urgency of each project;
421 this will assist the Council in making the best funding decisions.
422

423 Mr. Chandler continued his review of the various capital project requests and there was brief general
424 discussion throughout regarding the aspects of various projects.
425

426 The Council took a break at 3:20 p.m. and reconvened at 3:45 p.m.
427

428 Mr. Chandler stated the Administration is seeking from the Council direction regarding their priorities for
429 capital funding. He stated additional information regarding each of the capital project requests can be
430 provided to the Council at the next budget retreat meeting.
431

432 Mr. Steele continued the review of the capital project requests in each fund of the City and there was
433 continued discussion among the Council and staff relative to the reasoning for some of the requested
434 projects. At the conclusion of the discussion, Mr. Chandler discussed the money available to potentially
435 fund capital projects; the capital projects fund has a balance of \$660,000, but there are \$807,000 in capital
436 project requests. He referenced the public works facility project and stated if all of the 'add-on' aspects
437 of the project were approved, the project amount would increase by \$440,000, which would create a
438 potential deficit of \$586,000 in the general fund. He reviewed several different budgeting scenarios,
439 encompassing the total capital project requests as well as the public works facility project funding. He
440 asked the Council's position regarding the proposed transfer of \$155,000 of the available fund balance to
441 the capital projects fund based on the policy that was adopted by the Council last year. He also asked if
442 the Council wants to only fund the base amount for the public works facility project or if they would like
443 to consider funding any of the extra project aspects. He stated he also needs to know if the Council wants
444 to consider any kind of revenue increase in the form of tax or fee increases. He asked the Council how
445 low they would like to take the various fund balances and whether they want to dedicate 10 percent of
446 revenues to motor pool funding.
447

448 Council Member Bailey inquired as to the potential motor pool funding requests the Council will be faced
449 with next year. Mayor Taylor stated the Governing Body needs to understand the standard replenishment
450 amount that will be needed to fund the motor pool account after the account is made whole. Mr. Steele
451 stated the motor pool fund is currently \$240,000 short of being fully funded; the total amount to be
452 contributed each year after the fund is made whole is \$600,000. Council Member Baily stated the motor

453 pool is an ongoing funding need and he stated the Council needs to know how much it will take each year
454 to maintain the fund and how many projects will be requested in the motor pool fund next year and in
455 future years. He asked how much was allocated from the motor pool fund last year, to which Mr. Steele
456 answered approximately \$66,000. Council Member Bailey stated the funding request this year is 10 times
457 that. There was a discussion about the history of the motor pool fund and the Police Department's
458 contribution to the fund. In 2010 the contributions to the motor pool fund were \$646,000, but that
459 decreased to \$300,000 over the next couple of years. Mr. Chandler stated he can provide additional
460 information regarding motor pool funding at the next budget retreat meeting. Council Member Bailey
461 stated that it appears that the City does not have enough money to fund all requests or anything over the
462 base bid amount for the public works facility; the Council needs to understand all funding sources in
463 order to prioritize the project requests.
464

465 Council Member Satterthwaite asked for information regarding proposed reserve fund amounts. Mayor
466 Taylor provided Council Member Satterthwaite with a document detailing reserve fund balances and
467 stated the amount to be contributed to capital projects has already been subtracted from the fund balances
468 listed, so there is actually more money available.
469

470 Mr. Chandler stated he is not asking the Council to make budget decisions today; he simply needs some
471 direction to be able to proceed with making adjustments to the proposals in order to meet the priorities set
472 by the Council. He reiterated the Council established a policy last year requiring the transfer of half of
473 the excess fund balance to capital projects; that amount this year would be \$155,000 and he asked if the
474 Council feels strongly about continuing that policy. He stated other options would be to leave the amount
475 in the fund balance or provide some flexibility by allowing the money to be used for operational costs.
476 Council Member Bailey inquired as to what operational costs could be funded by the money. Mr.
477 Chandler stated it could be used for salary and benefit increases or other operational increases discussed
478 earlier in the meeting. He reiterated the amount available is \$155,000.
479

480 Council Member Bailey stated he feels the employee compensation issues need to be addressed and it
481 seems that the only way to address that issue is via a tax increase – which he is not in favor of – or by
482 cutting other costs. Mayor Taylor stated money from the general fund balance could also be used. Mr.
483 Steele stated it is not the best idea to support operating expenses with the fund balance because that is
484 one-time money and salary increases will be an ongoing cost. Council Member Bailey stated the Council
485 needs to identify an ongoing funding mechanism. Mr. Chandler stated he simply needs to understand if
486 the \$155,000 is available for him to use when considering different funding options. Council Member
487 Bailey stated it may be possible to use the \$155,000 to fund half of the salary increases this year and
488 identify another funding source next year. There was a brief discussion regarding the projected sales tax
489 revenue increase of four to six percent next year, after which Mr. Chandler stated he will proceed with
490 making amendments to the budget with the following direction from the Council: maintain the policy of
491 transferring half of the budget surplus to capital projects; identify spending cuts; phasing of salary
492 increases; identify additional revenue generating options. He then focused on funding for the public
493 works facility project and stated he needs direction from the Council regarding whether to fund the base
494 project amount or to fund additional aspects of the project. Council Member Satterthwaite asked Mr.
495 Giles what his highest priority would be relative to the additional project add-ons, to which Mr. Giles
496 answered the salt shed. Council Member Satterthwaite stated the Council needs to go through the
497 exercise of identifying what other budget items will need to be given up in order to fund add-ons for the
498 project. Council Member Bailey agreed. Mr. Chandler stated he and the staff will bring back a list of
499 priorities for them to consider at the next budget retreat. Council Member Stoker stated the Council also
500 needs to consider that many projects have been put on hold for the past couple of years and those projects
501 should be considered as well. There was a brief discussion regarding reserve fund balances in the various
502 accounts of the City.
503

504 Council Member Fawson stated that earlier in the discussion there was a brief focus on the fact that
505 benefit costs will increase as salaries are increased. He stated benefits include things like 401K
506 contributions, but it may not be necessary to increase those types of benefits at this time. He stated it is
507 not always necessary to increase benefit contributions along with a salary increase. Council Member
508 Bailey asked if the City contributes to a 401K account for employees. Mr. Chandler stated that the City
509 matches an employee's 401K contribution up to three percent; that is in addition to the City's contribution
510 to the URS for employees. Council Member Bailey agrees with Council Member Fawson's
511 recommendation to consider compensation as a whole.

512
513 Mr. Chandler asked the Council if they are open to considering user fees or taxes. Council Member
514 Bailey stated that rates were increased last year and he does not want to revisit that again at this time. He
515 stated he is also opposed to a tax increase. Council Member Urry agreed. There was a discussion
516 regarding increasing fees in conjunction with raising employee salaries due to the fact that translates to an
517 increase in the City's costs.

518
519 Council Member Urry asked if there are options for the City to consider relative to amending the City's
520 trash collection schedule to encourage more recycling in the City. There was a brief discussion regarding
521 the City's recycling program with Mr. Chandler providing the Council with information regarding several
522 options to consider in order to increase recycling participation and reduce the City's tipping fees.

523
524 The Council concluded they are not opposed to considering fee increases to fund cost increases, but they
525 are opposed to considering a tax increase. Mayor Taylor stated the Administration will prepare a
526 spreadsheet that can be edited throughout the next budget meeting to give the Council a real-time
527 understanding of the implications of their amendments to the proposed budget. He then asked the
528 Council to add to their calendar a work session meeting for March 4 to discuss funding for the Monroe
529 Boulevard project. The next budget meeting will be held March 20; there was a discussion regarding
530 whether it is necessary for the Employee Compensation Committee Chair to attend the meeting and the
531 consensus was that if Mr. Berube would like to attend the meeting he is welcome.

532
533 Council Member Urry stated one option for reducing expenses may be to competitively bid the City's
534 engineering services contract. Mr. Chandler stated he is not sure of the term of the contract, but the
535 service has not been bid for some time. He stated the City's garbage hauling contract is also being
536 competitively bid this year.

537 538 539 **4. ADJOURNMENT**

540
541 **Council Member Fawson moved to adjourn the meeting. Council Member Satterthwaite**
542 **seconded the motion.**

543 544 **Voting on the motion:**

545
546 **Council Member Bailey** **aye**
547 **Council Member Fawson** **aye**
548 **Council Member Satterthwaite** **aye**
549 **Council Member Stoker** **aye**
550 **Council Member Urry** **aye**

551
552 **The motion passed unanimously.**

553

554 **The meeting adjourned at 5:27 p.m.**

555

556

557

558

559 _____
Brent Taylor, Mayor

560

561

562

563 _____
S. Annette Spendlove, MMC

564 City Recorder

565

566

567 _____
Date Approved

NOT APPROVED