

NORTH OGDEN CITY COUNCIL MINUTES

April 16, 2013

The North Ogden City Council convened in an open meeting on April 16, 2013 at 4:09pm in the North Ogden City Council Chambers at 505 East 2600 North. Notice of time, place and agenda of the meeting was delivered to each member of the City Council, posted on the bulletin board at the municipal office and posted to the Utah State Website on April 09, 2013. Notice of the annual meeting schedule was published in the Standard-Examiner on January 30, 2013.

PRESENT:	Richard G. Harris	Mayor
	Kent Bailey	Council Member
	Wade Bigler	Council Member
	Cheryl Stoker	Council Member (arrived at 4:15pm)
	Brent Taylor	Council Member (arrived at 4:09pm)
EXCUSED:	Justin Fawson	Council Member
STAFF PRESENT:	Ronald F. Chandler	City Manager
	Annette Spendlove	HR Director/City Recorder
	Bryan Steele	Finance Director
	Polo Afuvai	Chief of Police
	Mel Blanchard	Public Works Director
	Craig Barker	Community Development Director
	Gary Kerr	Building Official
	Tiffany Staheli	Community Services Director
	Kevin Warren	Police Captain
VISITORS:	Phillip Swanson	Tammy Parkin
	Rachel Trotter	Brian Russell

Mayor Harris welcomed those in attendance.

Council Member Bigler offered the invocation and led the audience in the Pledge of Allegiance

ACTIVE AGENDA

1. DISCUSSION AND/OR ACTION TO CONSIDER ITEMS IN THE FISCAL YEAR BUDGET 2013-2014.

City Manager Chandler noted the budget is the document that will guide and direct City staff over the next year. He reported staff has tried to incorporate comments and suggestions made by the Council at the January 31 budget retreat into the updated budget, but there are some policy questions yet to be answered and he hopes to have a good discussion on those items tonight in order to reflect the desires of the Council in the tentative budget to be accepted by the Council in May. He stated tonight he and staff will provide an overview of the budget, information about salaries and benefits, funding of the motor pool and other capital projects, and any other topics that may arise. He stated that due to some recent issues the City staff feels there should be a heavy emphasis on training and he referenced some training opportunities.

Finance Director Steele then provided an overview of the current fiscal year (FY) budget status; revenues are higher than originally budgeted for and he is ultimately projecting a surplus of approximately \$250,000 in the general fund. He added that will increase the general fund balance to nearly \$840,000, or 14 percent of the general fund budget revenues. He noted the Utah Legislature passed a bill in the most recent session allowing municipalities to retain 25 percent of general fund revenues in the fund balance. He stated he does not think the City will be able to increase the fund balance to 25 percent this year, but it is something to keep in mind for future years. He then reviewed the balances of other funds as follows: water fund will be approximately \$1.9 million; sewer fund will be approximately \$1.6 million; storm water fund will be approximately \$1.7 million; solid waste fund will be approximately \$54,000 (a significant portion of money was taken from this fund to assist in funding the Public Works facility); motor pool fund will be approximately \$1 million; and Police motor pool fund will be approximately \$200,000.

Mr. Chandler then reviewed changes to the tentative budget since the initial budget retreat held January 31, 2013. He noted most of the changes are relative to capital projects or expenditures and that the budget does not include any changes to the general fund fee schedule or the certified property tax rate. He noted the items removed from the budget include the scanner for new plotter, painting the interior of the Administration Building, moving Council Chambers downstairs, creating Wi-Fi hotspots for the parks and the Aquatic Center, mounds at the Aquatic Center, the extension of 100 West connecting Elberta Drive to 3100 North, Planning Commission tablets, ballistic shields, street lights, and partial funding of the motor pool fund. He noted Mr. Steele will discuss the motor pool funding in greater detail later in the meeting. He then reminded the Council of Dan Parkin's request to install a fence at Wadman Park and that project has not been included in the budget, but discussion regarding that request can continue. He then stated that staff has been provided the actual worksheets that make up the City budget; he did not plan on reviewing the worksheets line by line, but he will focus on items highlighted in yellow as they are significant changes being proposed. He stated one thing the Council should note is that most line items have not changed significantly year to year, but he is willing to answer questions about any item included in the worksheets.

Council Member Bigler stated Mr. Chandler mentioned street lights were removed from the proposed budget and he asked for information about that budget item. Mr. Steele stated the initial budget included funding for two new street lights, but staff understands the City needs much more than two new street lights. He stated staff is trying to determine a way to phase a street lighting project in order to install more street lights each year.

Mr. Chandler referenced page one of the worksheets and stated it includes a two percent increase in revenues, which equates to a \$137,173 increase over the current year's budget. He stated the money is coming from an increase in building activities in the City; the projection is in line with what is happening throughout the state and may actually be conservative. He noted last year at this time the City had issued 43 building permits and this year the City has issued 42 building permits to date, so the City is on target to match the number of permits issued last year. He then referenced page five of the worksheets and noted the City's auditor made the recommendation that interest income, which has only been reported in the general fund in the past, be spread out throughout the enterprise funds of the City. He stated the reason is that the general fund charges a fee to the enterprise funds for different services. He noted the proposed budget reflects that recommendation via a decrease in interest income in the general fund in favor of spreading the money through the rest of the funds. He stated staff has reevaluated the fees the general fund charges to the enterprise funds and made adjustments accordingly. He asked Mr. Steele to provide more detail about that item.

Mr. Steele stated that he was never sure of where the numbers related to general fund charges came from, so he found old worksheets created by former Finance Directors and was still unable to determine the

rationale for the charges. He stated he then considered the City's personnel and operation costs and reevaluated those costs in order to arrive at the numbers he has included in the updated version of the proposed budget. He stated these numbers include things like attorney services, insurance costs, payroll expenses and an allocation of those costs to different funds in the City.

Council Member Bailey asked Mr. Steele if he is saying that he cannot justify how those allocations were made in the past. Mr. Steele stated that is correct. Council Member Bailey asked Mr. Steele if he came up with a fair way of allocating the charges for services that may cross over into different funds of the City. Mr. Steele answered yes and added that he does not know what the costs will be until they actually happen, so he is forced to simply project costs and recommend allocation based on that projection.

Council Member Taylor stated that some of the amounts have changed substantially; there is an \$80,000 difference in storm sewer and a \$70,000 difference in the sewer fund and he asked how those changes will impact the revenues for those funds. Mr. Steele stated that the expenses for those funds will increase. Council Member Taylor asked how big of a difference that will be for those funds in a single year. Mr. Steele reviewed sanitary sewer expenditures, which are approximately \$1.7 million, and he noted reducing that amount by \$80,000 reduces the total expenditures to approximately \$1.6 million. He stated the impact in the storm water fund will be slightly more substantial because the total expenditures in that fund are only \$690,000. Council Member Taylor stated he would like to review utility rates as part of the continued discussion regarding this item. He then stated that enterprise funds are essentially contributing roughly \$225,000 more to the general fund; most of the increase is for administrative expenditures. Mr. Steele stated there are some decreases as well.

Council Member Bailey inquired as to where interest income is listed in the enterprise funds. He asked if it has its own line item and noted it should partially offset the other increases. Mr. Steele reviewed the worksheet for the water fund, page 23, and stated interest income is the first line item in that budget. He stated it should also be the first line item in each subsequent enterprise fund budget.

Mr. Chandler stated one way to look at the different funds is from an accounting and operations standpoint; each fund is a self-balancing set of accounts and in the past the general fund has been subsidizing the enterprise funds and the accounting that Mr. Steele has used in this proposed budget would correct that subsidy.

Mr. Chandler then moved to review the expenditure portion of the general fund. He reviewed the significant changes to expenditures as follows:

- Professional Services - \$115,000 increase. This is a 100 percent increase related to reallocation from other departments to a central location. Includes attorney services, information technologies (IT) services, and the webpage redesign of \$20,000.
- Election - \$26,000 increase
- Park Maintenance.
- With those changes the amount the General Fund is short is \$88,000

Mr. Chandler stated one of the most significant changes that may or may not occur is outsourcing of park maintenance. He stated that the City requested bids for maintenance of park property and snow removal of City parking lots and sidewalks. He stated the City received five bids for the services and they will be evaluated tomorrow, April 18, and then brought before the Council on April 23 at the next City Council meeting. He stated the evaluation includes a comparison of the bids received as well as an evaluation of the costs to perform the same services in-house. Mayor Harris added that he has invited two City Council Members to assist in evaluating the bids and Council Members Bigler and Stoker have volunteered to participate in the evaluation process. He stated the evaluation committee will be made up of those two Council Members as well as himself, Mr. Chandler, City Recorder Spendlove, Mr. Steele, and

Community Services Director Staheli. Mr. Chandler added it is important to note that the City has a buy-out provision in the personnel policy manual that is to be implemented when an employee is laid off from employment with the City. He stated the City is required to pay two weeks' salary plus one month's salary for every year the employee has been employed by the City. He stated staff anticipates laying off two employees if the services are privatized and depending on which two employees those are, that cost could be as much as \$178,000. He stated that will be factored in when considering the bids.

Mr. Chandler then stated that at this point the general fund is short \$88,000. He stated he would like to get to a point where it is not necessary to appropriate any fund balance monies to operations and staff has a couple of ideas to discuss with the Council in order to get that number to zero.

Council Member Taylor asked if the staff will send information to the Council regarding what expenses will be eliminated if the evaluation committee recommends executing a contract for park maintenance and snow removal. Mr. Chandler answered yes. Council Member Taylor stated he assumed that there are some expenses that will remain in the budget even if a contract for park maintenance is executed. Mr. Chandler stated that is correct and noted the salary line item in the parks budget includes salaries that will not be eliminated by a contract to outsource. He added he will ask the evaluation committee to thoroughly scrutinize the assumptions he has made about what expenses will be eliminated and what expenses will continue in the case out outsourcing.

Council Member Bigler stated he would like to discuss the citizen request regarding fencing at Wadman Park. He stated a citizen is present to hear and participate in that discussion and he does not want to require her to stay for the entire meeting if that is not necessary. Mr. Chandler stated that is a good idea and he provided a brief history of the request, including discussions that took place during Council meetings.

Tammy Parkin stated the four residents that joined in making the request to the City would simply like to know the status of the request so they know if they need to move sprinklers or other landscaping on their property. Mr. Chandler stated he has talked with Mr. Cook and Mr. Parkin last week and promised them he would call them tomorrow to report on the discussions of the Council during this meeting.

Council Member Taylor asked if a commercial developer locating next to residential property would be required to install a fence between their property and the residential property. Community Development Director Barker answered yes, but he added a fence is not required between a park and residential property. Council Member Taylor stated he understands a park is not a commercial venture, but he thinks it is appropriate to give the neighbors some privacy from the City's park property. He stated the same would be expected of a business bringing people into the neighborhood and he thinks it would be good for the City to do the same. He stated he supports installing a fence and that the fence should follow the actual property line to avoid setting a precedent relative to giving a small portion of City property to the adjoining residents.

Council Member Bailey stated his concern regarding this issue is that there is no clearly established policy to govern this type of situation. He stated in some cases in the past the City has fronted the entire cost of installing a fence and in other cases the City has shared the cost of a fence with adjacent property owners. He stated if the decision is made to front the entire cost for this fence, that means the City has not been totally fair in past dealings. He stated he has concerns about the right way to proceed.

Council Member Bigler inquired as to what type of fence would be installed. Mr. Chandler stated the other fences around the park are six-foot chain link fences. Council Member Bigler then noted the property owners are willing to pay for the fence and be reimbursed via waiver of their utility fees for a specified amount of time; that will help the City's budget. Ms. Parkin stated that same option has been

given to other neighbors in the area. Council Member Bigler stated there are four residences that are party to this request and. He stated that he also feels it is appropriate for the fence to follow the property line and he asked if all four residents still want the fence if it follows the property line and potentially cuts off access to a couple of feet of property that the residents have been using as their own. Ms. Parkin stated that she would personally like to have a fence; she was promised a fence when Mayor Harrop was in office. Mr. Chandler stated all four residents have said they want the fence to follow the existing fence line. He stated, however, that Mr. Cook and Mr. Parkin want a fence regardless of where it is located. He added that Ms. Anderson was not interested in the fence initially, but she was the only one of the four residents that felt that way.

Council Member Bailey stated he remembered comments from previous discussions about Ms. Anderson not wanting the fence and he asked how the City should appropriately respond to that issue. Mr. Chandler stated that Ms. Anderson does not want to expend the funds for the fence and Mr. Parkin offered to front the money for her portion of the fence and he was under the assumption that Ms. Anderson would be comfortable with that. He stated the City would reimburse Mr. Parkin for his portion and Ms. Anderson's portion of the fence.

Council Member Bigler stated he feels the fence should be installed as long as the residents are comfortable with the fence following the property line. Ms. Parkin stated that she knows the City staff and elected officials have changed, but in the past other property owners on the east side of the park received land from the City so that the fence line did not "zigzag". She stated she does not think it is fair that the same thing is not offered to the residents on the west side. She stated that if the property line is followed there is a chlorine tank shed and there will be six feet between the new fence and existing fence and she asked what the City will do with that property. Council Member Bigler stated he does not know what the City will do, but he feels Ms. Parkin raises a good point that something done in the past is not fair to current residents. He stated the current administration had nothing to do with past agreements and that is a concern for the future; giving people property is a bad precedent to set because it opens the door for people in the future to ask for the same thing. Ms. Parkin stated the other residents never paid for the property, but she and the other property owners would be willing to bid on the property. Council Member Bigler stated he may feel differently if fair market value of the property was determined and the residents were given the option to purchase it. He stated he is not comfortable giving property away even if it has been done before.

Council Member Bailey inquired as to State law relative to disposal of City property. Mr. Chandler reviewed the property line and the current fence line in the area noting the difference between the property line and the fence line is anywhere from two to six feet along the residences properties. He stated that if the City were to dispose of the property it would be necessary to declare the property as surplus property and then advertise the property as available for bid. He stated the Council would then have the opportunity to accept or reject any bids made for the purchase of the property.

Council Member Bailey asked if there are any other residents that would be interested in the property. He asked if it is a common practice for someone with no interest in the property to submit a predatory bid in order to drive the price of the land up. Mr. Chandler stated that is always possible, but he has not seen that happen.

Council Member Bigler asked if State law requires that the City solicit bids for the property. He asked if it would be possible to determine the fair market value and sell the property for that amount. He stated that in 2011 or 2012 the City sold a piece of property to a resident near the gravel pit and that property was simply sold for fair market value without solicitation of bids. Mr. Chandler stated that his understanding is that the City must advertise the property for sale via sealed bid, but he will further

research the issue to determine that his understanding is correct. He stated the property will be appraised before bids are solicited.

Council Member Bigler inquired as to the time frame to complete that process. He stated he feels the City would prefer that the issue be finalized sooner rather than later so that they can complete their landscaping in their yards. Ms. Parkin stated that she and her husband first started thinking about this issue last summer. She stated that when they built their home she knew where the property line because she had it surveyed. She stated that the gap between her property line and the existing fence line is actually fairly small, but further to the west that gap is bigger. She stated that she does not have sprinklers on the portion of City property that abuts her property and neither does Ms. Anderson, but the Cook's do and the other residents are preparing to install sprinklers. She stated that before they complete their landscaping they would like to know what is happening.

Mr. Chandler stated that it will ultimately be necessary to execute an agreement between the City and the residents regarding this issue and he would recommend the Council make a motion to that affect and include the conditions of the agreement in the motion. He stated that would provide clarity to the City and the residents moving forward. A brief discussion of the options of the conditions to be included in the motion then took place.

Council Member Taylor inquired as to the cost of having the property appraised and who would pay those costs. Mr. Chandler stated he is not sure the cost of an appraisal, but an appraisal would cost around \$200 to \$300. Council Member Taylor stated those costs need to be considered when developing an agreement for the property sale and he added he does not feel the tax payers should be required to pay for an appraisal and survey of the property. Council Member Bailey agreed.

Council Member Bigler moved to create an agreement to install a fence between Wadman Park and four residences; the residents will pay the upfront cost of installing the fence and be reimbursed via waiver of monthly water fees for a specified period of time. Staff is also directed to determine the fair market value of the property and notify the residents of that value giving them an option to purchase the property. If the residents wish to purchase the property, the property line will be moved.

Ms. Parkin asked what would happen if she wanted to buy the property, but the Cook's do not. She noted a "zigzag" fence line would be created again. Council Member Bailey stated he feels that all residents should buy the property or no residents should buy the property. He stated the fence should either be installed along the existing property line or along the existing fence line. Ms. Parkin stated that Ms. Anderson cannot afford to purchase the property.

Mayor Harris stated there is a motion on the table and he called for a second.

Council Member Taylor seconded the motion.

Mr. Chandler asked Council Member Bigler if, in his motion, he was instructing staff to prepare an agreement to be presented to them for action. Council Member Bigler answered yes and added that he wants the fence to be installed on the property line, wherever the property line may be.

Council Member Taylor asked if the motion also authorizes the expenditure of funds for a survey and appraisal of the property. Council Member Bigler stated that his motion was to allow staff to do whatever necessary to determine the fair market value of the property.

Mr. Chandler asked if the second part of the motion was intended to authorize the solicitation of an appraisal and survey of the property or if it was to initiate the full scale declaration of surplus property. Council Member Bigler stated that he would like for the Council and residents to be made aware of the fair market value of the property and he noted he does not think it is possible to proceed without having that information.

Council Member Bailey stated that part of the question is whether the City can legally sell the property without first soliciting bids. He stated he wants to make sure the City is on firm legal ground. Mayor Harris stated he also wants to determine if the City can legally authorize the use of water funds to pay for a fence. Ms. Parkin stated it has been done before and it is being done now. Mayor Harris stated he understands that, but that does not always mean that it is legal. He stated the City needs a firm policy regarding how to handle these issues and the policy needs to be followed. Council Member Bigler stated that issue was raised in the past and if the administration looks into that issue and finds that it is illegal, he still thinks the City needs to install a fence to border the park.

Mayor Harris inquired as to the estimate to install the fence. Ms. Parkin stated that her husband got two or three bids for a fence last year. Council Member Bigler asked if the costs to install the fence took into consideration use of City labor to install the fence. Mr. Chandler answered no and stated the bids he received cover materials and labor. Council Member Bigler asked if the employees could do the work; labor can be the most expensive part of this type of project. Ms. Parkin stated on the other side of the park one neighbor did his own fence while another neighbor utilized the City's services in installing the fence.

Mr. Chandler stated he is not positive the cost to install the fence. Mayor Harris stated this is such a small item and if the Council wants to install the fence it will be possible to find the money in the budget to fund it. Mr. Steele then stated the length of the fence would be 421 feet and the cost would be slightly over \$5,000. Mayor Harris stated it would be possible to find \$5,000 to fund the project, but he noted he has concerns about the policy. He stated that if the City is going to build a City park, that use should be separated from private uses adjoining the property and that separation can happen with a fence. He stated he realizes the City did not have the money to install the fence when the park was initially built, but the fence should have been installed before other things were done.

Council Member Taylor asked Council Member Bigler if he would be willing to amend his motion. He stated that he supports installing the fence, but he is concerned about spending money on the appraisal and survey with the result being that the residents decide against buying the property because they do not want to pay fair market value. He stated he does not feel it is in the City's interest to sell the property at this time, though it would be more convenient for mowing purposes. He stated that if the City were just building the park he doubts that the property would be disposed of. He stated he would rather separate the two items and proceed with getting a cost for conducting an appraisal and survey.

Ms. Parkin stated the survey has already been done. She stated that the City could get three real estate agents to provide a market analysis for the property and it would not be necessary to pay for an appraisal. Council Member Bailey stated that the City needs to rely upon what State statute requires. Mr. Chandler stated that if the property is declared surplus property to be made available for sale, the City must solicit an appraisal. Council Member Taylor stated that he does not feel the tax payers throughout the City should pay the expense for the appraisal; he would like to know the cost of an appraisal before he votes to approve the motion.

Mr. Chandler stated another option is to direct staff to determine how the project could be completed using capital funding. Council Member Bailey stated that is what the Mayor was suggesting and he is in

favor of that way forward. Council Member Bigler agreed and stated it would be safer than mixing the project with water rates.

Council Member Taylor stated that the City could ask for informal appraisals to determine if the residents will be interested in paying for the property before soliciting a formal appraisal.

Council Member Bigler amended his motion; he moved to pay for the fence using capital funding rather than reimbursing residents via waiver of monthly water fees. Staff is also directed to determine the cost to solicit a formal appraisal or the property. Council Member Taylor seconded the motion.

Voting on the motion:

Council Member Bailey	aye
Council Member Bigler	aye
Council Member Stoker	aye
Council Member Taylor	aye

The motion passed unanimously.

Mr. Chandler stated that the budget will ultimately be approved in June so the work could not commence until July 2013. Council Member Bigler stated that the residents will know what the City plans to do before the budget is actually approved. Ms. Parkin asked when she and the other residents will have a definitive answer about the fence. Mr. Chandler stated the budget will be approved June 22, but the tentative budget will be accepted on May 14. Council Member Bigler asked if the appraisal cost can be determined and provided to the Council prior to May 14. Mr. Chandler answered yes.

Mayor Harris stated there is still one outstanding issue; there is no policy regarding this type of issue, but he feels one is needed.

Council Member Bailey stated he is open to discuss the issue of a policy in a future Council session, but he wanted to know what is required in a subdivision that includes open space. He asked if a developer is required to install a fence between private property and open space. Mr. Barker answered no. Mayor Harris stated there is an ordinance requiring fencing in a commercial development. Mr. Barker stated that is correct. Council Member Bailey stated that he thinks the issue needs to be addressed. He stated that it is a land use issue that should be considered by the Planning Commission first.

Council Member Bigler stated the challenge with Wadman Park is that it was built after the homes in the area were built. Ms. Parkin stated that is not true in her case. Council Member Bigler stated that Mr. Cook's home was built before the park. He agreed that there should be policy governing fencing between park property and residential property.

Mayor Harris stated that there have been questions in the past about how to pay for amenities that benefit the City and the adjoining residential property. He stated he would like to establish a policy so there is no question that when the City builds a park, that use should be separated from neighboring uses. Council Member Bigler agreed.

Council Member Bigler asked if there are other areas in the City where a situation similar to this one could occur. Mayor Harris stated he is not aware of any other areas. Council Member Bailey stated there is property in Lake View where there is no fence between residential backyards and the park in that area.

He stated that the same is true on the north and east side of McGriff park. He added that the last time the Council had a discussion about this item, Council Member Fawson reported that his parents' property abuts Oaklawn Park and the City split the cost of installing a fence between the park and the property owners in that area. He stated that took place only five or six years ago. Mayor Harris stated each park is unique and it may be necessary to consider each one on a case-by-case basis.

Council Member Bigler inquired as to how long it will take to figure the cost of an appraisal. Mr. Chandler stated he will be able to provide that information to the Council quickly and he added he will keep the residents informed of the status of the issue.

Mr. Chandler then continued his review of the budget presentation by highlighting some of the significant changes to the enterprise funds. He stated interest is now being recorded in the enterprise funds and administrative fees are somewhat higher. He stated there is a decrease in capital expenditures as well. He noted Mr. Steele will cover these issues in much more detail during the discussion regarding utility rates.

Mr. Chandler then moved to a discussion about salaries and benefits. He stated part of his presentation is based on the discussion the Council had with the Employee Compensation Committee and what staff learned from that discussion. He stated one of the conclusions the Committee made was that any assessment of the City's compensation package must be done within the context of the City's strategic goals for compensation. He stated that before City leadership can judge the adequacy of competitiveness of the City's compensation package, they must first determine what strategy they intend to pursue. He noted the Committee identified three major approaches that could be employed: cost control, employee retention or attraction of quality candidates. He stated staff's recommendation is based on that comment from the Committee, especially relative to strategic goals. He stated one thing staff is hopeful about is receiving direction relative to the upcoming budget year as well as direction to guide the City in future budgets. He stated when the Committee completed their work and presented their data he thought it was very helpful, but not totally complete. He stated there is still information to be gathered and analyzed. He used himself and Public Works Director Blanchard as examples. He stated that the Committee simply considered employees' salaries compared to an employee's salary in the private sector or with another public sector entity; they did not take into consideration how long the employee had been in their position or any other factors. He stated he has been employed by the City for just one year and he should be receiving a salary at the beginning of his pay range, but Mr. Blanchard has been employed with the City for much longer and one would expect that his salary would be close to the top of the range or even topped out. He stated it is necessary to continue the analysis process and one of the proposals of the staff tonight is that they use the information gained from the Committee as the beginning point of further studies and try to determine the salary ranges of the other entities that the City was compared to in order to determine if ranges are competitive. He stated he would also like to look at every position, as the Committee recommended to determine if an employee is where they should be. He stated it will take some time to conduct further studies. He then stated that staff needs direction from the Council relative to the potential creation of a strategic plan. He stated he likes that suggestion, but he does not feel that the optional approach recommended by the Committee of cost control, employee retention, or attraction of quality candidates are mutually exclusive and it would be possible to blend the three together as part of a strategic plan. He stated the strategic plan could include such broad statements as follows: the City wants to be competitive in salaries; the City wants to take advantage of technologies that create efficiencies; the City wants to encourage the idea of contracting for services. He stated using broad statements will prevent the City from being locked into any one given path. He stated it will take longer than six to eight weeks to complete further research; he anticipates it will actually take closer to six months and at that point staff can bring the additional information back to the Council to begin guiding the personnel budget for the 2014-2015 budget. He then reviewed how this suggestion would impact employees in the upcoming budget year. He noted the proposed budget includes a three percent pay increase for employees, which will cost \$90,000 and will be charged to the general fund. He stated that the proposal

is that will not be a permanent salary increase; staff is proposing a one-time disbursement of the funds to recognize the work the employees have done. He stated the money will be paid in a one-time lump sum payment that will not permanently alter an employee's wage. He then stated staff is anticipating a \$200,000 surplus in the general fund and if a one-time payment of \$90,000 is allocated to wages this year, the budget will be completely balanced and there will be no appropriation in the 2013-2014 budget; the anticipated surplus would be dropped from \$200,000 to \$110,000. He stated that the only difference is that employees would receive a check on June 30 rather than July 1. He stated if the Council approves this proposal the ending fund balance for the current fiscal year would be 11.8 percent.

Council Member Bailey asked if this proposal takes into account the other expenditures the Council has approved, such as allocations for the Public Works Facility. Mr. Chandler answered yes. He stated one thing to be considered is that if the Council decides to outsource parks maintenance services and it becomes necessary to eliminate two employment positions, the severance payment due those employees will be debited in the current year's budget. He stated that if the severance pay is as high as \$178,000 the fund balance would be decreased to \$22,000.

Council Member Bigler asked if there would be any consideration given to an employee leaving their employment with the City to begin working for the private company hired to maintain parks. He stated one of the companies that submitted a proposal to take on parks maintenance told him that they will hire the employees that are laid off as a result; they will be paid to do the same job, but they will be doing it for someone else. He asked if the City could get out of paying severance pay if that is the case. Mr. Chandler answered no and stated that the contract does not address that issue.

Council Member Taylor asked if the information about salaries is simply being offered for informational purposes. He asked when the Council will have an opportunity to discuss it. Mr. Chandler stated this is beyond informational and staff would like to come away with a sense of what the Council would like to do relative to the proposal being made. He stated he would like to have something to include in the tentative budget. He stated that if the Council decides to pay the three percent increase in the current fiscal year, the proposed 2013-2014 budget will be reduced by \$90,000.

Council Member Taylor stated he feels this is a good step, but he is concerned about the fact that if the proposal is accepted, it will be at least a year and a half before any structural changes are made in the personnel budget and that will also be more than two and a half years since the Committee was first assembled. He stated that he feels it is too long to stretch the issue. He stated he feels the City has a strong and clear report from the Committee indicating employees are being underpaid – significantly underpaid in some instances – when compared to market averages for the positions. He stated he feels that needs to be addressed sooner than a year and a half from now. He stated the Committee was made up of great people that reviewed the data for long time and ultimately provided the Council with a lot of great information. He stated that some employees are being paid in the 60th or 70th percentile when compared to the market. He stated he is not suggesting that they be made whole in one single year, but giving three percent to employees that are being paid 20 percent below average market wages is not the way he would like to do it. He stated there is also a good chance employees will be paying more for their insurance. Mr. Chandler stated some employees may be paying more. Council Member Taylor stated that means the employees will be facing higher insurance costs with a small wage increase to balance those increases costs. He stated he would like to see a three percent increase and at least another three to five percent for targeted raises made available to Department Heads to adjust some of the lowest salaries in their departments. He stated he would like to increase the wages of some of the employees that the City could potentially lose. He stated he thinks the City needs to do something more robust than what is being proposed.

Mayor Harris asked if anyone wished to make a motion. Council Member Bigler stated he thought the direction was to wait until after the meeting to review the bids for privatization of park maintenance. Mr. Chandler stated it is ultimately up to the Council as to how to proceed.

Council Member Bigler asked if the Administration is proposing giving the employees a three percent raise in a lump sum. Mr. Chandler answered yes and stated the employees will get a lump sum payment in the form of a check. He stated the management team reviewed several options and the ultimate recommendation was to make the three percent payment to each employee in a lump sum payment. He stated part of the reason that was recommended is because it is not a permanent pay raise and if the amount is spread over 26 pay periods, employees will become accustomed to that amount only to revert to earning less money at the end of next year.

Council Member Bigler then stated that he thinks it is very wise and fair for the City to give employees three percent now and continue to evaluate the information provided by the Committee in order to develop a strategic plan. Mr. Chandler stated staff still needs some direction from the Council. He stated the Committee recommended the City use a percentage or a range in which employees should be paid within when comparing to market averages. He stated that will ultimately need to be a policy decision made by the Council. Council Member Bigler stated that the Committee also said that the standard did not need to be applied equally in every Department; employees in different departments may be paid in a different range than employees of other departments when comparing to market averages. He stated he feels the Police Department should be on a completely different schedule than some of the other employees. He stated the Committee communicated that there are criteria that should be considered when developing a strategic plan, but they also said that should not necessarily be standard across the board and different criteria can be applied when considering how valuable a certain position is to the City. He stated he does not know how to go about implementation, but that is the way private industry works; some people get paid more depending on their value to the organization. He stated he thinks it is fair and wise to give a certain percentage now and authorize the administration to continue to study the issue.

Council Member Bailey stated that Mr. Chandler mentioned that it would take a six month time frame to further consider the information. He stated the staff could come back to the Council after that six months and make a recommendation and the Council would not necessarily be required to wait until the beginning of the next budget year to implement any changes. Mr. Chandler stated that is correct and it could actually take less than six months to complete the additional work. Council Member Bailey stated he feels much more comfortable having staff and the department heads reviewing the analysis and making a recommendation to the Council rather than being asked to make a policy decision right now without that additional input.

Council Member Bailey moved to authorize Mr. Chandler to proceed with salary adjustments as was outlined in the budget presentation. Council Member Bigler seconded the motion.

Mr. Chandler clarified that staff is being directed to proceed with further analysis of the data provided by the Employee Compensation Committee; provide a three percent, one-time pay increase in the current fiscal year contingent on the City's ability to provide that expense based on decisions made relative to potential outsourcing of park maintenance services. He stated he will come back to the Council for further direction if the City is required to pay severance pay related to that issue.

Mayor Harris stated he wanted to stress that the report provided by the Employee Compensation Committee listed two different ranges for every employment position in the City. He stated he thinks the City already has a lot of the information that Council Members Bigler and Taylor referenced. Ms. Spendlove interjected that the Committee did provide ranges, but those ranges do need to be analyzed by

Department Heads because the Committee did not know how long each employee had been employed by the City. Mayor Harris stated that is what Mr. Chandler is talking about researching.

Council Member Taylor stated that it is definitely necessary to further analyze the data and he is in favor of doing that before a final comprehensive decision is made. He stated, however, that Mr. Blanchard has worked for the City for 28 years and he is still being paid in the 75th percentile when compared to cities within 75 miles of North Ogden. He stated someone that has worked for the City for nearly three decades is not even being paid at the top of his associated pay range. He stated he would like to see some action taken sooner because he does not feel there are disputes that the wages in the City are actually low. He asked Council Member Bailey to modify his motion to add one condition that the budget will be reopened when the final analysis is complete to give the Council the opportunity to reconsider salaries.

Council Member Bailey stated he has no problem with amending his motion to that affect, but noted he thought that was already implied. He then stated that in working to establish a policy for moving forward, the City needs to recognize that it will not be possible to make “big jumps” in the pay scales and the Council will need to determine how to catch up over a reasonable period of time. Mayor Harris stated he feels that is given and that everyone understands that aspect.

Council Member Taylor stated he wanted to offer one additional clarification. He stated that Mr. Chandler mentioned that the three percent pay raises in the current fiscal year would be contingent upon the decision made relative to outsourcing of park maintenance services and he asked Council Member Bailey if that was part of his motion. Council Member Bailey stated that his motion included authorization for the three percent, one-time lump sum payment for all employees and that is subject to whether the City will be required to pay severance pay for parks employees. He stated if that ends up being the case, the Council will need to review the issue again. Mr. Chandler stated that the Council will have good information about that issue prior to consideration of the tentative budget in May. Council Member Bailey stated he is not proposing that the three percent increase not be given; the question is whether it will be given in the current fiscal year or the next fiscal year.

Council Member Bigler then asked if the City uses a merit system to give pay raises each year an employee is employed by the City. Mr. Chandler stated the City’s wage scale does not have steps; when the Council approves a salary increase, each employees increase amount is dependent upon performance. Council Member Bigler asked if years of experience is taken into account. Mr. Chandler answered no. Council Member Bigler stated that could be considered in order to help build in how much an employee should be earning. He stated there are two different types of pay raises; one raise is for each year of employment and the other type is based on employment. Council Member Bailey stated the private sector has moved away from that type of approach. He stated the City needs to be very careful before going down that road to prevent locking the City into increasing costs. He stated it is a very difficult balance. Mr. Chandler stated those aspects can be discussed during the review of the strategic plan. Council Member Bailey reiterated he is much more comfortable with hearing recommendations from staff after further research and analysis is complete.

Council Member Taylor asked Mr. Chandler if he is prepared to discuss the potential changes to the insurance program. He stated he would like to know the potential increased costs that will be passed on to the employees in association with the proposed wage increase so that he can understand if those increases are in line. Mr. Chandler stated he does not have all information about the potential insurance changes, but he can present what he does have. He stated that at the last retreat meeting there was a discussion about moving towards a high deductible health plan (HDHP) while still offering a traditional health plan to employees. He stated the proposal was to contribute to a health spending account (HAS) for an employee that opts for the HDHP. He stated that for an employee that stays on the traditional plan, the City will pay 85 percent of the premium and the employee will pay 15 percent of the premium. He

stated that the employee and employer would both realize savings if an employee moves to a HDHP and, therefore, the City would pay 90 percent of the premium for that plan while the employee would pay 10 percent. He stated the City would have a declining scale on contributions to an HAS; in the first year a family would receive \$1,000, \$750 in the second year, and \$500 in the third year. He stated the amount is different based on whether an employee is single, married, or married with a family. He stated he is still recommending that same program. He thought he would have bids from the insurance companies prior to tonight's meeting, but the insurance companies declined to provide pricing until closer to May. He stated Ms. Spendlove has been working with the current carrier and they have provided the City with a very competitive price for a traditional plan and they will soon be providing pricing information for the HDHP. He stated that the City received some data from Regence last year and he anticipates those numbers will not change significantly; if that is the case, any employee that moves to the HDHP will see a decrease in the amount they will have taken from their paycheck to cover their premium costs. He stated employees staying with the traditional plan will see an increase due to their increased premium responsibility of five percent. He stated the reason for that is that the City needs to build in an incentive to encourage people to move to the HDHP. He stated the Employee Compensation Committee agreed that an 85/15 split in premiums is fairly standard.

Council Member Taylor inquired as to what a five percent premium increase translates to for an employee with a family. Mr. Chandler stated that additional five percent will cost an employee with a family \$700 more per year. He noted that is based on current costs. Council Member Taylor stated that would mean that a basic employee that receives a three percent increase, but chooses to stay on the traditional health plan, will not actually experience an increase in pay. He stated that is concerning to him. He stated that he would prefer to wait to make a decision on the entire compensation package. He stated he does not think it is right to offer a three percent increase that will only be eliminated by a five percent increase in insurance costs.

Mayor Harris stated there is a motion on the table and he asked for the motion to be restated.

Ms. Spendlove noted Council Member Bailey moved to authorize Mr. Chandler to proceed with salary adjustments as was outlined in the budget presentation. Council Member Bigler seconded the motion. She stated Mr. Chandler clarified that staff is being directed to proceed with further analysis of the data provided by the Employee Compensation Committee; provide a three percent, one-time pay increase in the current fiscal year, payable by June 30, contingent on the City's ability to provide that expense based on decisions made relative to potential outsourcing of park maintenance services.

Council Member Bailey stated one additional clarification is that the Council will be willing to reopen the 2013-2014 budget upon receiving a final recommendation from staff.

Voting on the motion:

Council Member Bailey	aye
Council Member Bigler	aye
Council Member Stoker	aye
Council Member Taylor	no

The motion passed on a three to one vote.

Council Member Bigler stated that the medical insurance system is changing and private industries throughout the country are struggling to figure out how to handle those issues with their employees.

Mr. Chandler stated that there was one more question relative to insurance plans that was asked at the first budget retreat that should be addressed; that question was whether the City can offer more choices to employees with different premium levels. He stated the City has learned the answer to that question is no and the reason is that the City's staff level is not high enough; if the City were part of a larger group or had more than 100 employees plus dependents, it may be possible.

Council Member Bailey stated his company carried insurance for his employees and State law prohibits them from associating with other similar employers to achieve a higher employee group. He stated Mr. Chandler was going to research State law to determine if that law is still in effect. Mr. Chandler stated that it is, but he has heard that the Utah League of Cities and Towns (ULCT) is trying to create a pool and they are looking for volunteers to work on a committee regarding that option. He stated the City will participate in the study.

Mr. Chandler then stated he wanted to change the focus of the discussion to capital projects. He noted Brandon Jones of Jones and Associates is present to assist in the discussion of capital projects.

The Council took a brief recess at 6:01 p.m.

The meeting reconvened at 6:20 p.m.

Mr. Jones distributed a handout to all present and noted he has worked closely with Matt Hartvigsen regarding the City's capital projects. He stated when his firm first began working for the City, they worked on a five year capital improvement plan. He noted there are enough projects to expand the plan to a ten year plan, which is very helpful. He then reviewed the format of the capital improvement plan and stated his presentation will not be too detailed, and instead will be a brief overview of the projects. He referenced the Public Works Facility project and noted the budget for that project is \$2.9 million and will cover the building and the purchase of the ground. He then reviewed the road maintenance section of the report and noted the first project for the upcoming fiscal year will take place in the Green Acres Area and Ben Lomond Estates. He stated water line replacement projects have occurred recently and repaving of the roads is associated with those projects. Mr. Blanchard noted that the Green Acres paving project has been awarded to Granite Construction and the project will begin July 1. Mr. Jones added the Ben Lomond project will be done in phases over two years and will be completed as the water line project is completed. He then referenced the round-a-bout project at 2100 North and the widening of Washington Boulevard from 2600 North to 3100 North.

Council Member Taylor asked if the amounts associated with the new construction projects are the anticipated costs to the City or if there is some expectation that some of the costs will be covered by the contractor. He asked if the projects will be completed when the growth requires them. Mr. Jones answered yes; the projects are growth driven and all costs included in the report are City costs.

Council Member Bigler asked if the costs include purchasing property to accommodate the project. Mr. Jones asked Council Member Bigler which project he was referencing. Council Member Bigler stated that the round-a-bout project on 2100 North will require the purchase of private property in the area and he asked if the costs for that purchase are included in the overall project cost. Mr. Jones answered yes and added the project description explains it will be necessary to acquire additional right-of-way and that property acquisition is included in the project cost.

Council Member Bailey asked if the round-a-bout on 2100 North will be constructed at the intersection of Fruitland Drive. Mr. Jones answered yes and noted the project is planned for three years in the future, but this is a dynamic document and can easily change depending on the needs of the City. He then referenced the 3100 North overlay project that will be completed in phases over two years. He referenced the

Oaklawn Park access road project and noted there are two phases to that project as well; one phase included utility work and the second is the actual building of the road. He stated the road will provide secondary access to the park from the west in the area of the existing Barker Park and the route will be more direct than the current access. He then referenced the Monroe Boulevard project and stated there will be several phases of this project, the first commencing in year ten of the capital improvement plan. He stated his understanding is that the City would like to acquire the right-of-way for the project sooner rather than later, though construction may not begin for several years. Mr. Chandler stated the Council is very familiar with this project and there will be an agenda item on May 14 to give the Council the opportunity to discuss property acquisition and future development of the road.

Council Member Stoker stated she noticed the plan does not include any projects on Mountain Road, but she noted there is some erosion on the lower half of Mountain Road. Mr. Blanchard stated that problem will be addressed in the upcoming fiscal year using Class A Road Monies.

Council Member Taylor asked if Class C Road funds are reflected in the capital improvement plan. He asked if those funds are usually used for road repairs or if they can be used for full projects. Mr. Blanchard stated that Class C funding can be used for either type of projects, including crack sealing, overlays, slurry seal, etc. He stated he and Mr. Chandler have been working on a plan for using Class C road funds and it will be presented to the Council soon. Council Member Taylor stated he would be interested in a document that can be used to track a road's life span and utilization of Class C funding.

Mr. Chandler stated that page 31 of the Council packet includes information regarding road projects, namely the funding sources for the various projects. He stated the City has Class C funding plus an additional \$500,000 to cover street projects. He stated the road projects have been slotted into four categories: asphalt overlays, crack sealing, chip sealing, and repairs necessary as a result of severe weather. He stated a priority schedule for those projects has been established and he reviewed a map of the projects according to priority. He then stated what staff needs from the Council is approval of the budget amount for road projects, which is \$1.8 million, as well as the Council's blessing regarding the prioritization of the projects. He stated he or Mr. Blanchard would be willing to tour the project areas with any member of the Council in order to familiarize them with the proposed projects and answer any questions they may have.

Council Member Bigler asked if the Washington Boulevard widening project from 2600 North to 3100 North will widen the road to four lanes or turn lanes will simply be added. Mr. Blanchard stated that the purpose of the project is to match the width of Washington Boulevard further to the south of 2600 North. Mr. Jones stated that the project will be completed in two phases and the first phase will be to widen the road from 2600 North to 2850 North. Council Member Bigler asked if the purpose of the project is to match the width of the southern portion of Washington Boulevard or to create a four lane road. Mr. Blanchard stated that the goal is to create a wider road. Council Member Bigler clarified that with the same width, the road could technically contain four lanes. Mr. Blanchard stated that is correct.

Council Member Taylor inquired as to the practice of purchasing property for right-of-way. He asked if it is typical to purchase property at the beginning of a project or several years in advance of the project. Mr. Blanchard stated that property acquisition can happen at any time, but it is best practice to acquire property long before the project commences. He stated that can assist the City in making people fully aware of a project and how it will impact an area.

Mayor Harris stated road standards are determined by the City's transportation plan and he noted Washington Boulevard from 2600 North to 2850 North is not wide enough to meet the City's standards for the type of road it is. He stated that the road will eventually be constructed as a four lane road; it is on the regional transportation plan and corridor preservation depends on the funding mechanisms available

to the City for that purpose. He stated Weber County has corridor preservation funds available and the City has used some of those funding in the past for the Monroe Boulevard project. He added the City may even be eligible for federal funding for corridor preservation since the project is on the regional transportation plan, and if that is the case, the right-of-way acquisition could take place just before construction begins.

Council Member Taylor suggested that some of the projects be considered when conducting a review of the City's general plan. He stated he understands that some of the projects are not scheduled to occur for several years into the future, but a review of the projects would be helpful to him. Mayor Harris stated the projects will be reviewed during a review of the general plan.

Mr. Jones then stated acquisition of right-of-way is a great use of corridor preservation funds, but if any particular property owners do not wish to cooperate and sell their property to the City, the money cannot be used for condemnation actions.

Mayor Harris stated Pleasant View is in a similar situation; they are planning to widen 600 West and they are having some trouble purchasing needed right-of-way and it is holding up the construction project. Mr. Jones agreed and stated he is very familiar with that project.

Council Member Bailey stated he owns commercial property on Washington Boulevard between 2600 North and 2850 North and he sees a lot of heavy trucks traveling along the corridor and he asked if the City can do anything to protect the City's roads from that type of travel; it is putting a lot of stress on the road. Mr. Jones stated the City can try to implement restrictions on that kind of traffic; it can be somewhat difficult to do, but it can be done. Council Member Bailey stated he assumes most of the traffic is coming from the gravel pits above Pleasant View. Mayor Harris agreed and stated according to Pleasant View's ordinance, the haulers are supposed to exit Pleasant View to the west, but if they are travelling to a project to the east of the gravel pit they travel through North Ogden and down Washington Boulevard. He then noted there are two or three facets to this issue; the roads are paid for using gasoline taxes and the trucks have the rights to use roads that are paid for with those funds. He stated it can become very difficult to impose traffic restrictions and the better avenue is to construct a road that will hold up against heavy traffic. Mr. Jones agreed. Council Member Bailey asked if that will be done in the case of the Washington Boulevard project, to which Mr. Jones answered yes.

Mr. Jones then provided an overview of the water projects section of the capital improvement plan. He referenced the North Ogden Canyon well project and stated the bids for the project came back at \$480,000 and the budget amount for the project is \$400,000; therefore, it is necessary for the City to make some decisions relative to the viability of the project. He stated the Lomond View Water Line Loop project is necessary for the new public works facility. Mr. Blanchard added that a looping system is desirable in a culinary water project. He stated that a home recently caught fire in a location that lacked a looping system and the Fire Department was only able to draw water from one direction and it was not enough. He stated as new homes are constructed, it will be beneficial for the City to use a loop system when installing culinary water systems.

Council Member Bailey stated there has been little discussion regarding the well project and he was not aware the bids were higher than the budgeted amount. He inquired as to the status of the project at this point. Mr. Jones stated the bid received by the City is to develop the well; all exploratory work has been done. He stated the project has not been awarded. Mayor Harris stated the project can be delayed because it is not critical at this point and the intent of the project was to provide for future needs of the City. He stated that the project can be deferred until construction costs decreased or until the City is able to save the amount of money needed to complete it.

Mr. Jones then continued his review of the water projects and noted there are an additional two well projects planned over the next ten years. He added there are other waterline replacement projects in the plan as well. He stated that his firm has tried to coordinate infrastructure or underground work projects with road projects so that it is not necessary to dig into a new road and re-patch it. He stated the infrastructure project relating to Oaklawn Park will be done prior to the street overlay in that area.

Council Member Taylor asked if there are other water projects that will be funded this year if the well project is delayed. Mayor Harris stated the schedule included in the capital improvement plan meets the needs of the City and he would prefer to delay the project and keep the money budgeted for it in reserve to be used at the time the well is needed. He reiterated the exploratory work for the well is done and the outstanding work to be done is to build the well and the well house, which will include equipment that will allow the City to draw the water.

Mr. Jones then stated his firm will be happy to provide a report of the status of the City's water system and the needs for the well. Mayor Harris stated he feels that is an important presentation and it would be good for the Council to receive it at a future meeting. He then stated that he has asked Mr. Hartvigsen to provide an update regarding the City's storm water system. Mr. Jones stated he is not prepared to provide a comprehensive report regarding the storm water system, but he can emphasize that it does need some attention from the City. Mayor Harris stated there are a few storm water projects in the budget and there have been questions as to why those projects are needed. He stated he would like the Council to receive an update regarding the entire system at a future date as well.

Mr. Jones then reviewed the streets and sidewalks portion of the capital improvement plan. He stated the plan calls for \$25,000 to make sidewalk repairs throughout the City. Mr. Blanchard stated that he has actually requested \$50,000 in funding this year to complete these projects. He stated there have been discussions in the past about doing the work in house, but he does not have the manpower to do that so he has asked for additional funding to provide the City the ability to do the amount of work that actually needs to be done. Mr. Jones stated that number can be changed in the capital improvement plan.

Mr. Jones then noted there is a potential sidewalk project associated with Weber School District property, but there is no funding for that project at this point in time. Council Member Bigler asked if the School District has split the cost of sidewalks with the City in the past. Mayor Harris stated that the City's policy has been not to install sidewalks; if a resident wants a sidewalk they are responsible to install it on their own. He stated that years ago the parent/teacher association (PTA) from North Ogden Elementary School approached the City asking for sidewalks for a safe-sidewalk route. He stated that the City had a problem funding that project and there were people that did not want the sidewalk in front of their property. He stated the agreement the City struck with the PTA was for the PTA to get permission from the homeowners for the City to install the sidewalk in front of their home; if the sidewalks were on the official safe-sidewalk route, the City agreed to install the sidewalks. He stated many sidewalks were built as a result of that agreement. He stated he would be amenable to honor a similar agreement for another school, but the school and the PTA assigned to the school would need to honor their part of the agreement before the City would honor its part. Council Member Bigler asked if the School District will ever provide funding for a safe-sidewalk route. Mayor Harris stated the District has not participated financially in the past; the only thing they have done is the legwork to get permission from the homeowners for the installation of the sidewalk. Mr. Jones stated that he did not understand the history of that issue and the plan can be updated to reflect that information.

Mayor Harris then stated that the Council had a discussion several meetings ago regarding the potential Monroe Boulevard project and there was a resident in attendance at that meeting that was very adamant that the City would never install sidewalks. He stated the City's policy has been to not install sidewalks for residents, but if there is a new road construction project somewhere in the City, sidewalks, curb, and

gutter will take place in conjunction with that project. He stated he wanted to make that distinction to point out an exception to the rule; the ground will be torn up and it would be foolish not to install sidewalks if the opportunity presents itself. He added developers are also required to include sidewalks in new developments in the City. Mr. Jones added that the acquisition of right-of-way property is done to provide for sidewalks.

Mr. Jones then reviewed the sanitary sewer portion of the capital improvement plan. He referenced the project to install a gravity fed service lateral in the area of City Hall and the senior center that will eliminate the need to have a pump in the basement. He stated the project will permanently eliminate the potential for any sewer back-ups in the buildings similar to what happened three years ago. He then referenced the project to upsize the outfall line between Elberta Drive and Pleasant View Drive and that project is related to the public works facility project. He stated there is also \$250,000 per year budgeted for slip lining projects throughout the City and that budget increases to \$300,000 in fiscal year 2018-2019.

Mr. Blanchard stated that one thing he will be encouraging before he retires from employment with the City is to “get back to the basics” in sanitary sewer. He stated according to the insurance company, the City is required to clean one-third of the sanitary sewer lines every year, but because the City has grown so much the City does not have the luxury of finding problems with the City. He stated that the only way to know that a line is clean is to use a camera system after it has been cleaned. He stated that if he finds a problem that needs repair during the cleaning process it will be addressed, but finding problems in advance can be very difficult.

Council Member Bailey asked how long it will take to get the slip lining installed in all lines. He asked if it is a 10 or 15 year project. Mr. Blanchard stated that is dependent on the life of the lines; the City has the luxury of having its own camera system and as cleaning is done the camera is used to find problems.

Council Member Bailey inquired as to how many miles of sewer line the City has. Mr. Blanchard stated there is approximately 70 miles of sewer lines, but not all of them need to be lined. Council Member Bailey stated that the budget includes \$250,000 for slip lining and he asked what percentage of the sewer lines will be slip-lined with that amount. Mr. Blanchard stated that he is planning to spend \$150,000 this year to complete projects on six roads throughout the older area of the City. He stated that there are some sewer lines in the City that are in great shape. Council Member Bailey stated he is simply trying to determine how long it will be necessary to budget \$250,000 for this type of work. Mr. Blanchard stated it is not a permanent budget item and projects will be completed as necessary.

Council Member Bigler stated that he has a general question regarding the dollar amounts included in the plan. He asked if the prices are based on today’s prices or if inflation has been taken into account. Mr. Jones stated the prices are generally projected in today’s prices, but inflation is assumed and he referenced the increase in fiscal year 2018-2019 for the same work to be done in the year prior. Council Member Bigler stated that some project amounts presented to the City include specific inflation calculations, but this plan simply includes “ball park” numbers. Mr. Jones stated that is correct and noted construction costs can be difficult to predict and it is not easy to assign a gradual inflation rate to these types of projects.

Council Member Bailey stated that he suspects these types of projects will change due to technological advances, which may help to moderate the project costs or pricing increases. Mr. Jones agreed and added that new infrastructure will be installed in a better manner than projects were done in the past. He stated that everything has a life span, but quality of construction and materials continues to improve, which also serves to extend the life of new infrastructure.

Mr. Jones then reviewed the storm water portion of the capital improvement plan highlighting project locations on a map of the City.

Council Member Bigler asked if Mr. Hartvigsen would be willing to provide more detailed information about storm water when he makes his presentation regarding culinary water. Mr. Jones stated he can ask Mr. Hartvigsen to do that. Mayor Harris stated it is important for the Council to understand the capital improvement plan and the projects included for storm water. He stated that they can receive additional detailed information from Mr. Hartvigsen at a later date and make adjustments to the budget or the plan if necessary.

Council Member Bailey asked if the abandoned storm drain between the Ogden - Brigham Canal has been on the plan for some time or if it is a new project. He stated the project is more commonly known as the Hall Tree Subdivision outfall and he asked if the project is only necessary as a result of recent approval of a new phase of the Hall Tree Subdivision. Mr. Jones stated that he believes the City has anticipated the project for some time, but it has been accelerated recently. He stated that the City must deliver to all canal companies the amount of storm water that is feeding into them. Mayor Harris added that at this particular location just north of 2750 North there is a large retention basin and it is part of the Ogden-Brigham Canal system and was used for flood control in the area. He stated they no longer need that facility and they proposed that the City drain the portion of the City needing storm drainage infrastructure into the abandoned retention basin. Mr. Jones stated that there is infrastructure that discharges water into the basin and the Ogden-Brigham Canal Company has said they will no longer accept that discharge and that the City needs to find another route for the water. Mayor Harris stated that is not his understanding and it will be necessary to gather more information to provide the Council with an accurate status of the project. He added the basin is a high hazard structure and the City does not want responsibility or liability for it. Mr. Jones agreed.

Mr. Blanchard referenced lines R and S in the storm water system and noted they have caused problems for the City. He stated when the City gets an unforeseen storm and the canals fill, there are several areas that will be breached. He stated he would like to accelerate some projects to fix the problems with the canal. He provided a brief description of the problems the City faces when working on the canals and he reiterated that if the problems are not addressed, the City will definitely face flooding issues similar to issues that have occurred in the past. Council Member Bailey asked who owns the canal. Mr. Blanchard stated that Terrell Grimley is the representative of the North Ogden Water Users Association and their philosophy is that they own the water and the City owns the canal. He stated there is no documentation regarding ownership of the canal and during past flooding events the City has responded to make sure no residents are flooded. He stated that Mr. Chandler has asked Mr. Grimley to visit with the City about the canal, but they are no further ahead now than before their first visit. Mr. Jones noted that Mr. Hartvigsen's opinion is that if the City continues to take opportunities to get its storm water out of the canal, the more the City will be removed from the canal and responsibility for flooding. He added the City's position with the Association will be strengthened if the City's water is not being discharged into the canal.

Council Member Taylor stated he wanted to share a personal experience. He stated his parents have a crick running through their back yard in South Ogden and when the water users in the area did not want to pay for damage the crick was causing to the streets, the City prevented the water from flowing. He stated that he feels a discussion between the Association and the City is very necessary and he suggested getting an opinion from the Utah League of Cities and Towns (ULCT) regarding the City's responsibilities and liabilities.

Mr. Jones then reviewed the parks division section of the capital improvement plan, noting parks are self-sufficient and funded mostly via grant funding. Mr. Chandler stated that is correct; City staff has been

very active in seeking grants that fund most improvements made to the parks throughout the City. Mr. Jones stated that in comparison to other sections of the plan, the total funding for parks projects is less.

Council Member Bigler congratulated staff that has had much success in securing grant funding for various parks projects. He then asked if the new dirt for baseball infields throughout the City is forthcoming. Ms. Staheli answered yes. She stated she received a grant for that project and her staff is working to determine what types of dirt should be used in different areas of the City. She stated that she has received recommendations to screen existing dirt and reuse it at the fields in the City.

Mr. Chandler then referenced pages 31 and 32 of the capital improvement plan and stated Mr. Steele has created a different format than has been used in the past and it includes current year projects and the funding sources for the projects. He stated page 32 includes the current year, but also includes the five and ten year capital plan projects. He then stated he wanted to talk about different funding options for future years to provide staff with guidelines that can be used going forward to establish dedicated revenues to be used for capital projects. He stated he has two suggestions for the Council to consider. He noted that usually the City does a good job of staying under budget and is able to create a surplus amount of money at the end of each fiscal year. He stated the City could adopt a policy dictating that a percentage of each year's surplus amount be dedicated to capital projects. He stated this may not necessarily create an ongoing source, but there could be an amount of money available each year. He stated that if the Council is comfortable with this recommendation he would like to include it in the budget message this year so that it is established as a budget policy of the City. He then stated the second option would provide an ongoing source of revenue for capital projects; as the City notices increases in revenues, a portion of future increases can be dedicated towards capital projects. He provided an example of how this type of policy would be implemented.

Council Member Bailey stated that Mr. Chandler's example was to split the revenue increases evenly between capital projects and operations and he asked if staff is actually comfortable with that type of split and if it is sustainable. Mr. Chandler stated that a 50/50 split is easy; he has been considering the idea recently and has only talked to Mr. Steele about his recommendation. He stated he has not talked with the remaining Department Heads to get input regarding the appropriate split. He stated the idea definitely deserves more discussion. He stated that the amounts of money would strictly be based on projected revenue increases, which are included in each fiscal year budget. Council Member Bailey stated that he loves the concept of creating an ongoing revenue source because that type of funding is needed to fund projects in the capital improvement plan. Mr. Chandler stated that in the first couple of years the amount of money being permanently dedicated to capital projects may be small, but the amount will build over time. Council Member Bailey asked if the money dedicated to capital projects would be exempted from the general fund balance limitations. Mr. Chandler answered yes and stated the Council can add further restrictions to the money. He stated that if the City has an emphasis on street repair projects in a given year, the money can be restricted for use for street projects. He added that future City Councils cannot be bound by this type of action and they could vote in the future to undo what has been done, but this type of policy would give staff direction regarding funding allocations.

Council Member Bigler stated he appreciates the recommendation; the idea and principle behind it is fantastic and it is a good practice that is often used in personal finances as well. He stated the Council has asked staff to look at funding for long term capital projects and this is a great response to that request. He thanked staff for working on that issue. Mr. Chandler stated the policy would not affect the proposed budget for the upcoming fiscal year, but he would like to include it in the budget message to be implemented in future years. He stated he will review the recommendation in further detail with the Department Heads to determine the practice for dividing the monies between capital projects and operations.

Mr. Chandler then stated there is another accounting change in the City that has very significant meaning to the departments in the City. He noted that in the past when the City has replaced vehicles, those vehicles have been funded from the general fund or the capital projects fund. He stated Mr. Steele recently noted the vehicles have been depreciated in the motor pool fund and the general fund has been charged for that depreciation; in essence the City has been paying for a vehicle twice by initially funding it through the general fund and depreciating it in the general fund before replacing it. He stated the proposal is that replacement vehicles be funded by the motor pool fund. He stated the capital project fund no longer includes funding for replacement vehicles, though fleet additions will still be funded by the general fund/capital projects fund. Mr. Steele added that vehicles associated with the enterprise funds are depreciated in those accounts and that will not change; the policy change will only apply to the general fund debits. Mr. Chandler stated that information about this accounting change will also be included in the budget message and this will have a significant impact on the City's ability to meet capital expenditures in the future from the general fund.

Council Member Bailey asked how the policy will impact motor pool balances. Mr. Steele stated that he is in the process of developing a plan of action for the motor pool accounts similar to the type of plan he prepared for the public works facility. Council Member Bailey stated this is very exciting news as well. Mr. Chandler agreed.

Mr. Steele then led a discussion regarding the City's enterprise funds. He stated that he provided the Council with a handout regarding the fund balances in the general fund, capital projects fund, and motor pool funds. He stated the handout identifies the fund balance as of June 30, 2013, the budget for the next fiscal year, and the projected fund balance on June 30, 2014. He stated the general fund section of the handout also provides information regarding the amount of money set aside for the public works facility and he noted the fund balance in the general fund was \$585,000 before taking into consideration the surplus of \$250,000. He stated the total fund balance amount will be about \$835,000, or 14 percent of the total budget. Council Member Bigler stated that is a healthy reserve. Mr. Steele then reviewed his handout regarding the enterprise funds. He stated the handout provides the projected enterprise fund balances on June 30, 2013 and he noted the water fund will have \$1.9 million; sewer will have \$1.6 million; storm water will have \$1.7 million; and solid waste will have \$54,203. He then reviewed the budgeted use of funds or addition of funds to those accounts.

Council Member Taylor asked if the information includes the debits from the accounts for the public works facility. Mr. Steele answered yes. He then reviewed the projected fund balance on June 30, 2014. He stated the Department Heads have had discussions about increasing rates each year to keep up with the cost of living and to fund depreciation of the City's systems. He stated that based on current rates, the storm water and water funds will not fully fund depreciation and the sewer fund does not cover depreciation and there is a net loss to that fund.

Council Member Bailey asked Mr. Steele to review the data in more detail. Mr. Steele reviewed page 24 of the budget document and noted the figures being considered to arrive at the outcome provided in his handout.

Council Member Taylor inquired as to what percent of depreciation is being covered. He asked if that amount varies by fund. Mr. Steele stated it varies by fund. Council Member Taylor asked Mr. Steele to provide information about depreciation percentage covered at a future date.

Council Member Bailey asked how close the depreciation comes to actual replacement costs. Mr. Steele stated that there is no increase built into depreciation. Council Member Bailey asked if the City would fall short of replacement costs even if 100 percent of depreciation is covered. Mr. Steele answered yes. Council Member Bailey stated that is a scary situation to be in. Council Member Taylor agreed and

added that charging administrative costs to the enterprise funds will result in the enterprise funds being decreased by another 10 to 15 percent. He stated he assumes that is part of the reason for the needed rates increases, but his understanding is that the proposed rate increases will not cover all costs and depreciation. Mr. Steele stated that is correct.

Council Member Bailey asked if it is correct that it is unknown how much depreciation the suggested rate increases will cover because the current percentage covered varies by fund. Mr. Steele stated that is correct. Council Member Bailey asked Mr. Steele how he determined the proposed rate increase amounts. Mr. Steele stated that the rate increase in the sewer fund will fully cover the cost of the increased Central Weber Sewer District fees, so that rate increase was easy to determine. He stated that for the other proposed increase amounts he determined an amount that would get the City closer to fully funding depreciation.

Council Member Bigler asked Mr. Steele if he considered the pattern of increases in past years. Mr. Steele stated the last increase the City implemented was in February of 2012 and it was approximately a five percent increase. He stated the increases he is proposing are approximately eight percent.

Council Member Bailey stated he feels the enterprise funds should be operated as a business and they should cover all of their associated costs, including depreciation, but he would like to know “how bad it really is” in the interest of full disclosure. He stated it may also be a good idea to map a plan for the future to provide to the residents to explain that the fee increases will still not cover all costs associated with the enterprise funds. Council Member Taylor stated he agrees; he feels the enterprise funds should be self-funding, especially now that so much money has been taken for the public works facility. He noted the capital improvement projects fund was also reduced to \$20,000 and there is no money in that fund to dedicate to projects in the next fiscal year. He stated that enterprise funds will need to fund the projects associated with them. He stated that it will be necessary to rebuild those fund balances and he would also like to know the true cost of replacement in comparison to fully funding depreciation.

Mayor Harris asked Mr. Steele if he has the ability to respond to the Council’s requests. Mr. Steele stated he will try. Mayor Harris stated that a couple of years ago the City paid Lewis and Young to conduct a study into the questions the Council is asking; they provided the City with a recommendation for rate increases over the next 20 years to cover the very costs that are being discussed today. He stated that document could be a resource for Mr. Steele. He stated the document included two potential rate schedules; one was to cover the public works facility bond, which did not materialize; and the other was to handle funding for the issues the Council is talking about today.

Council Member Bailey asked if the Lewis and Young study includes fully funding depreciation costs. Mayor Harris stated he cannot answer that question at this time.

Council Member Taylor stated he understands the calculations in the sewer fund, but he does not understand the calculations in the other enterprise funds. He reviewed his questions about the other funds. Mr. Steele stated he will look at those issues more closely and report back to the Council.

Mr. Chandler stated that concludes the information to be presented by staff. He stated that the tentative budget will be presented to the Council on May 14 for acceptance and any additions and changes to the budget will take place between that date and June 11 when the final budget is to be considered. He then asked the Council if they have any questions or topics for further discussion.

Council Member Taylor asked if staff is requesting funding one-third of the motor pool fund and if that funding amount is an annual budget amount or if it is simply being recommended to catch up for the years that no contribution was made to the fund. Mr. Chandler stated that in much of the budget discussions the

City has talked about how to fully recover from the recession and one of the conclusions that staff came to is that recovery is not possible in one year, so the intent is to fund one-third of the fund over the next three years so that it will be fully funded again after year three. Council Member Taylor asked if a set amount of funding would still be dedicated to the motor pool fund after three years. Mr. Chandler answered yes and provided an example of how the funding will take place over the next three years. He stated that if the amount needed in the fund every year were \$99,000 then this year the budgeted amount would be \$33,000, next year the amount would be \$66,000, and in year three and beyond the budgeted amount would be \$99,000.

Council Member Bigler asked if the project to replace or rejuvenate the dirt infields at the baseball fields in the City is included in the budget or has a grant been received for that project. Ms. Staheli stated the City did receive a grant, but it requires matching funds and those funds are included in the budget. Council Member Bigler thanked Ms. Staheli for doing the research on the project and he noted he wants to make sure that the project is done right. He stated the City's facilities are beautiful, but they were finished off with rock/gravel based dirt and kids cannot slide on them right now. He stated that the fields do not necessarily need to be professional grade, but he wants to make sure the project is done right so the fields are usable. Ms. Staheli stated that she would welcome any Council Member to visit her to review the details of the project.

Mayor Harris reiterated the tentative budget will be presented to the Council on May 14 and he asked if the final budget must be adopted by the Council on June 11. Mr. Chandler stated the final budget will be presented on June 11 and it must be adopted by June 22. He stated he is hopeful that between May 14 and June 11 it will only be necessary to make changes based on comments from residents. Mayor Harris asked if the Council is required to hold a public hearing. Ms. Spendlove stated that a public hearing must be held prior to adoption of the budget. Mr. Chandler stated that the public hearing could be held at the second meeting in May.

Mayor Harris thanked the staff for their participation in the budget process.

2. PUBLIC COMMENTS

Brian Russell, 1151 E. 3400 N., stated he appreciated hearing the discussion regarding the budget items. He stated that he had a question about Mr. Chandler's proposal to divide a percentage of revenue projects evenly among operations and capital improvements. He stated that if it were truly an operational expense it would be spent in the year it was saved for and, therefore, in year three there would not be \$100,000 available in operational unless it were referred to as short term savings. He asked Mr. Chandler if he has a correct understanding of Mr. Chandler's proposal. Mr. Chandler stated the funding amount would become permanent as long as the budget continued to increase or stayed the same. He provided an example of his calculations. Mr. Russell thanked Mr. Chandler for his explanation and stated that he understands it very well. He then stated there was much discussion about capital expense and he noted it is often said that the greatest capital is human capital and he would suggest that the first use of Mr. Chandler's recommendation is to increase salaries of employees based on the suggestions of the Employee Compensation Committee. He stated the capital excess would not be saved initially and, instead, it would be dedicated to employees until their salaries are caught up. He stated that once the salaries are appropriate, the City could begin saving again. He stated that he understands the employees will be given a lump sum amount, but not a true salary increase so their salaries will continue to fall behind. He then stated he could not find tonight's budget discussion on the internet; he found last year's budget discussion and followed it as much as possible. He asked if the tentative budget will be published on the website by May 14. He stated it would be nice to be able to follow that budget along with the Council at the May 14 meeting. He then thanked everyone for their work.

3. COUNCIL/STAFF COMMENTS

Council Member Taylor thanked the staff for their work on the budget. He then reported he will be out of the country on April 23 and will miss the next Council meeting.

Council Member Stoker thanked the staff for their work on the budget.

Council Member Bigler reiterated Mr. Russell’s comments about the lack of the budget on the City’s website and he asked if it was not included in the Council packet on the website. He stated that if it is not included in the packet it should be as is the case with all other meeting packets. Mr. Chandler stated that the handouts distributed tonight would not have been included in the packet. Ms. Spendlove added that all information will be included in the packet for the May 14 meeting. Council Member Bigler then thanked the staff for their work on the budget; if residents knew what they were doing, they would be very happy with the work over the past year. He stated there has been a lot of money found in the budget over the past year and he is very excited about the proposed budget. He stated that this is the fourth budget presentation he has attended and it is by far the best, most thorough, and understandable.

Resident Phillip Swanson noted the budget document is on the City’s website, but the hyperlinks to get to the budget are damaged and it was somewhat difficult to access the entire budget. Mayor Harris stated that problem can be fixed.

Council Member Bailey stated he wanted to echo what has been said by the other Council Members; he thanked Mr. Chandler for his leadership and Mr. Steele for his creativity. He thanked the Department Heads for their participation as well. He responded to Mr. Russell’s comments regarding employees. He stated that employees may be referred to as human capital, but by definition they are not capital and the City must use operational money rather than capital improvement money to fund employee increases.

Ms. Spendlove stated that the Council is scheduled to meet on June 25, but there is also a special election scheduled for that day. She stated the Council is scheduled to hold an amended budget public hearing at that meeting. Council Member Bailey stated that he will be out of town on June 25. Discussion centered on holding the Council meeting in a different location. There was an additional short discussion regarding the need to open the budget.

4. ADJOURNMENT.

Council Member Bailey moved to adjourn the meeting. Council Member Stoker seconded the motion.

Voting on the motion:

Council Member Bailey	aye
Council Member Bigler	aye
Council Member Stoker	aye
Council Member Taylor	aye

The motion passed unanimously.

The meeting adjourned at 8:26 p.m.

Richard G. Harris, Mayor

S. Annette Spendlove, MMC
City Recorder

Date Approved