

CLEARFIELD CITY COUNCIL MEETING MINUTES  
6:00 P.M. WORK SESSION  
April 17, 2018

PRESIDING:	Mark Shepherd	Mayor
PRESENT:	Nike Peterson	Councilmember
	Vern Phipps	Councilmember
	Tim Roper	Councilmember
	Karece Thompson	Councilmember
EXCUSED:	Kent Bush	Councilmember
STAFF PRESENT:	JJ Allen	City Manager
	Summer Palmer	Assistant City Manager
	Stuart Williams	City Attorney
	Greg Krusi	Police Chief
	Scott Hodge	Public Works Director
	Eric Howes	Community Services Director
	Curtis Dickson	Community Services Deputy Dir.
	Spencer Brimley	Community Development Director
	Lee Naylor	Accountant
	Trevor Cahoon	Communications Coordinator
	Nancy Dean	City Recorder
	Wendy Page	Deputy Recorder

Mayor Shepherd called the meeting to order at 6:01 p.m.

UPDATE AND DISCUSSION ON THE PUBLIC WORKS/PARKS MAINTENANCE  
BUILDING PHASE 2 PROJECT

Scott Hodge, Public Works Director, stated the Public Works/Parks Maintenance Building Phase 2 project was estimated to be about 80 percent complete by the contractor. He reviewed the plans of the building which included lobby, reception area, administrative offices, both men's and women's locker rooms, a training/break room, kitchen area, an open office area with cubicles for the Parks Department, maintenance bays and storage areas. Mr. Hodge indicated the exterior wash bay was added to Phase 2 because it was important to operations and the current area was in violation of storm water regulations and unusable. He asked if there were any questions about the building.

Mayor Shepherd asked what the timeframe was for moving from the old building into the new facilities. Mr. Hodge responded once the building was nearly completed staff would be able to move supplies into the storage areas. He anticipated as soon as the old parks building was cleared out, it would be demolished. JJ Allen, City Manager stated a tour of the new building would be scheduled for the City Council and a ribbon cutting ceremony would also be planned.

Councilmember Peterson requested pictures be taken before the old building was demolished for historical purposes. Mr. Allen confirmed photos could be taken.

Mr. Hodge updated the Council on the financial status of the project. He noted the original bid was \$4,043,000 and above the budgeted amount so it was value engineered to reduce the bid \$222,715. He explained due to deterioration or damage caused to some of the piping and boxes found during site work preparations, it was determined those would not be reusable as originally anticipated. Mr. Hodge added a change order for storm water and other site work was added at \$37,974.90. He continued even though there were mild winter conditions another change order was necessary to protect the masonry work from freezing which totaled \$46,204.53. Mr. Allen mentioned he had questioned the change order and wondered why winter conditions were not included with the original bid. He reported learning that the value engineering caused a delayed start on the project; consequently, winter conditions had not been anticipated with the original bid because the masonry work would have been completed prior to the onset of winter if the start date had been as originally planned.

Mr. Hodge indicated the current contracted total cost was \$3,904,464.43. He identified there were some additional unresolved change orders which would require additional funds of approximately \$25,000 for the following items: the power wash equipment support, an Americans with Disabilities Act (ADA) door controller, a trench drain on the east side of the building, and restroom/shower modifications to provide gender neutral facilities which were not part of the original design.

Councilmember Peterson asked what changes were necessary to allow for gender neutral restrooms. Mr. Hodge explained an area was added to the men's and women's dressing areas as well as restroom and shower space in the women's area which were compartmented for privacy with a locking system. Summer Palmer, Assistant City Manager, stated staff considered the small investment of making changes during the building stage which offered privacy for employees would be better than having to make infrastructure modifications afterwards. Stuart Williams, City Attorney, informed the Council that recent training suggested new construction should be planned to address accommodations for transgender individuals.

Mr. Hodge mentioned there were change orders for the designs estimated to increase the cost another \$12,000 for an updated geotechnical report, electrical engineering for a master plan of the site relating to power needs, additional site survey, and the restroom modification design. He summarized the items the City was responsible to provide which would cost an estimated \$118,171.05 and included the service connection and rerouting power for Rocky Mountain Power, connection with Questar Gas, third party inspections, office furniture, appliances which would be installed by the contractor, and the data voice door access wiring.

He also reported another \$35,000 for contingency was added to the project in case there were any additional items which were not anticipated. Mr. Hodge continued the estimated total project cost was estimated to be \$4,100,000 and would be about \$70,000 short of the budgeted amount. He identified the project was being financed from the Enterprise Funds using water, sewer, storm drain, and garbage funds. He commented if the Council was comfortable and there were no objections a budget amendment would be presented prior to the end of Fiscal Year 2018 to

continue funding the \$70,000 budget shortfall from the four areas of the Enterprise Funds. Mr. Allen acknowledged the purpose of the discussion was to provide an update which would include better estimates; however, all the numbers were not available and were still only estimated costs. Mayor Shepherd asked if the Council was comfortable allowing the Enterprise Funds to continue as the funding source. Councilmember Peterson wondered if the four areas would be able to absorb less than \$20,000 each without causing any problems. Mr. Hodge confirmed there were funds available and it should not be a problem, but expressed he hoped the impact would be less if the contingency money was not necessary.

Councilmember Thompson requested to understand if the estimate for the data voice door access wiring was to have a more skilled person doing the installation. Mr. Hodge responded the previous IT Manager recommended contracting with a specialist to have the wiring be installed and organized properly, as well as functional for end users. Mayor Shepherd asked if TJ Peace, the recently hired IT Manager, had given any input about the wiring yet. Mr. Hodge answered Mr. Peace was aware and in attendance at a meeting with the contractor as that concern was discussed.

#### DISCUSSION ON MARKETING AND COMMUNITY BUILDING

Trevor Cahoon, Communications Coordinator, mentioned during the budget retreat meeting on February 2, 2018, the key note speaker talked about creating “leaning points” in the City which could help build a sense of community. He explained staff planned to organize events during the summer months called “pop-up open houses” which would be held on various dates and at smaller City parks to help provide an opportunity for neighbors to interact with each other and have fun. There was a discussion about the various parks which could be used and departments of the City which planned to participate.

Councilmember Phipps informed staff that Hogan’s Park should be spelled with only one “g” and even the sign at the park was incorrect. Mr. Cahoon indicated he would try to correct the misspelling of the park before the advertising was printed and with any future correspondence.

Mr. Cahoon stated in addition to the pop up open houses the City planned to host monthly community leadership luncheons. There was a discussion about the community leadership luncheons which were planned for the third Tuesday of each month, the marketing done for the first event held earlier, and the desired frequency for those meetings. JJ Allen, City Manager, suggested the meeting not be exclusively a report by the City, but additionally allowing attendees to present during the meetings which would introduce variety, build relationships, and allow for networking. Mr. Cahoon noted he planned to keep the meeting to thirty minutes so mingling could occur among attendees. He commented those meetings would also have an electronic meeting available so those not able to attend in person could join in, if desired.

Mr. Cahoon stated the fiscal impact would be minimal for 2018; however, both the community luncheons and pop-up open houses would be budgeted for in Fiscal Year 2019 (FY19). He reviewed the proposed dates and parks asking the Council to notify Nancy Dean, City Recorder, ahead of time if they planned to attend in order to comply with the law and properly notice the meeting when it was necessary.

- Wednesday June 13 – Train Watch Park
- Thursday June 21 – Island View Park
- Wednesday August 1 – Jacobsen Park
- Thursday August 16 – Hogan’s Park
- Wednesday August 22 – 200 South Park

There was a discussion about the parks, accessibility, neighborhood participation, and the time schedule for pop-up open houses. The consensus of the Council was to hold a pop-up open house at Kiwanis Park rather than Train Watch Park. Mr. Cahoon indicated the open houses would be less structured and planned to have staff available from 6:00 p.m. until 7:00 p.m.

Mayor Shepherd suggested finding a local business willing to donate ice cream, popsicles or something for the event in exchange for the marketing opportunity. There was a discussion about the pop-up open house structure and ways to enhance community involvement by promoting local businesses, involving the Youth Commission in advertising or organization of a game or activity for the event, purchasing some kind of water toy to use during the events, and recruiting more adult mentors for the Youth Commission.

DISCUSSION ON THE AWARD OF BID FOR THE CLEARFIELD AQUATIC AND FITNESS CENTER WATER FEATURE REPLACEMENT

Eric Howes, Community Services Director, acknowledged the City received two bids for the replacement of the pool play structure and both were above the \$150,000 budgeted amount. He stated staff recommended an allocation of \$150,000 of Parks, Art, Recreation, Aquatics and Trails (PARAT) Tax funding for the pool play structure based on similar projects elsewhere in the State; however, later learned there were key differences between the City and the other compared projects. He noted the pool liner type was different, as well as the scope of the City’s project intending to update the two toy features in the pool area into active water features. Mr. Howes explained the differences, along with increased construction prices, were likely the reason for the higher bids.

He continued CEM was the company with the lowest bid of \$234,978 and was also the only contractor in the State which had the means to work on the type of pool liner at the Aquatic Center. He explained the bid amount included almost \$12,000 in sales tax which the City would not have to pay as an exempt municipality. Mr. Howes reviewed the options which included discussing cost reduction alternatives with the apparent low bidder, increasing the project budget, or a combination of both. He stated the options of rejecting the bid and not completing it or rebidding it at a later time could also be considered; however, he expressed his opinion it likely would not make a difference in costs to bid at a later time.

Mr. Howes mentioned the low bidder had been contacted to see what the cost savings would be if the two current toys were not updated to water features; however, he did not yet have the cost adjustment amount. There was a discussion about the small amount of bidders; the water feature design; the replacement timeframe for the liner; the possibility of adding water to the two toys when the liner was replaced in approximately three years; waiting to review the cost reduction

estimates before a decision was made; the comfort level of increasing PARAT Tax funding to complete the project as planned; and, the impacts of the project which would replace aging equipment, improve the image of the City, and improving safety by creating better visibility at the pool for lifeguards.

Mayor Shepherd asked if the Council was comfortable reviewing the cost reduction and recommendation from staff via email rather than having another work session discussion. The consensus of the Council was to wait to make a decision until cost savings estimates could be reviewed. Mr. Howes acknowledged the manufacturing of the water feature would take several weeks and getting it ordered as soon as possible would increase the chances of having it ready for installation during September when the pool was closed for routine maintenance.

Mr. Allen suggested reduced scope cost estimates would be sent out by email to the Council for review and if there were no objections to moving forward then the item could be added to an upcoming policy session. Mr. Howes indicated once cost estimates were obtained, staff would share it with the Council to receive its feedback.

#### DISCUSSION ON THE 2018/2019 FISCAL YEAR BUDGET

JJ Allen, City Manager, stated there were some areas of the budget which had been requested for a more in-depth review. He acknowledged the Fourth of July expenditures were one and Trevor Cahoon, Communications Coordinator, had prepared information for that budget item.

##### *Fourth of July*

Mr. Cahoon, shared revenue, expense, and the overall net expense from years 2014, 2015, 2016, 2017 and projections for 2018. He pointed out the data showed substantially lower expenditures in 2015; however, he attributed it to incorrect expense coding which did not accurately reflect all the associated costs. He noted the revenues were primarily from sponsorships with a slight amount coming from the vendors.

Councilmember Thompson wondered if food trucks would participate with the Fourth of July event and donate a portion of the profits towards it. Mr. Cahoon responded the food trucks paid a fee to participate; however, revenues were not donated or shared with the City. He reviewed the sponsorships planned for 2018 along with expense data each year from the various categories including marketing, contracted services, entertainment, equipment rental, and operating expenses.

Councilmember Peterson asked for more detail about the contracted services expenditures in 2017. Mr. Cahoon acknowledged there could have been some overlap between the contracted services and the equipment rental. He noted the fireworks cost of \$30,000 was included each year in the contracted services category, but the contracted services numbers also could reflect costs for the stage rental or the parade. He indicated in reviewing the costs of previous years it was sometimes difficult to determine what type of expense occurred because the expenditure notes in the software system were not very detailed.

Curtis Dickson, Community Services Deputy Director, shared copies of the detailed expenditures proposed for Fiscal Year 2019 (FY19). Councilmember Peterson thanked him for the information and said it would be helpful.

Councilmember Phipps wondered why there was such a drastic difference in the expenditures of 2017 and the projected costs from 2018 for equipment rental and operating expenses. Mr. Cahoon identified the operating expense for 2017 was higher than 2018 because branded materials were purchased such as the backdrop, banners, and canopies which had cost approximately \$5,000. Councilmember Phipps asked why equipment rentals were projected to be so much higher in 2018 than year 2017. Mr. Cahoon indicated it was higher to make the correction and begin coding equipment rental fees in the appropriate category which had been expensed to contracted services in previous years.

There was a discussion about the Fourth of July budget, entertainment planned for 2018, sharing planning details more regularly throughout the process, new ideas and investments that could enhance the event in the future, and the change of stage location planned for 2018. Councilmember Phipps expressed his desire to know the details once they were available rather than through the public announcements. JJ Allen, City Manager, suggested the details could be shared in staff's monthly reports to the Council. Councilmember Peterson expressed her interest in having the budget details, information about the event, along with report updates throughout the event planning process. Councilmember Roper agreed having the details would be beneficial.

Mr. Allen acknowledged the commitments being made were lower dollar amounts that fell within the procurement policy and were administrative in nature. He suggested creating a separate budget division might allow better transparency for the Fourth of July expenditures; however, it would not reflect the staff and administrative costs. Lee Naylor, Accountant, responded a separate budget division could be created, if desired. There was a discussion about the scope of the event, planning involved, the possibility of adding components to the event without added costs due to sponsorships, and the accounting details being accessible to the Council.

Mayor Shepherd reported there had been talk about the possibility of having a circus event in conjunction with the 2018 Fourth of July celebration activities; however, the proposal being prepared would need to be reviewed and then a determination made if there were enough sponsorship to cover the associated costs. He expressed his opinion it would be a huge addition to the event; although, he did not want to increase the expenditures. He continued sponsorships could help keep costs minimal or perhaps even at no expense for the City.

Councilmember Phipps reiterated the City was well-known for its Fourth of July celebration. He expressed his desire for the Council to be involved with the scope of the event, specifically, its outreach and purpose. He stated the Council could be an asset to the event in its promotion and having a better understanding of the associated costs would help to justify that the expenditures supported the event's purpose. Councilmember Peterson expressed her opinion it was important to quantify the costs and make sure they were balanced by the event's purpose. Mayor Shepherd stated the City's Fourth of July celebration was more than a local event and likely had regional impacts based on the number of people attending. He noted many neighboring cities had changed

event dates so as not to compete with the City's fireworks show. He expressed his opinion the Fourth of July festivities were supportive of the purposes of municipal government in helping to create a sense of community and showcasing the City would be crucial to its redevelopment. There was a discussion about how involved the Council should be with the planning of the City's Fourth of July celebration.

- The Council desired to have information when it was available and prior to its advertisement, even if it was the same as prior years.
- Solicit the Council's input during its annual recap discussion in a work session prior to the first Fourth of July planning meeting.
- The City's Fourth of July celebration was a well-known event which created a sense of place in the community; however, Councilmember Peterson expressed feelings of disconnect from the planning, details, and expenditures for it.
- A liaison for the Council should participate on the Fourth of July planning committee; currently Mayor Shepherd was serving as the liaison.
- Upfront briefing with the Council and continued regular updates throughout the planning process were desired.
- Methods were discussed for keeping the Council updated which including the possibility of holding regular work session discussions, including a brief update in the monthly report, or generating a summary report after each planning meeting.

The consensus of the Council was to be involved with the Fourth of July by being better informed throughout the planning process with monthly reports from staff and updates by the liaison after planning meetings along with holding an annual recap discussion in work session.

Mr. Allen asked if the Council would want to have the Fourth of July itemized in the budget as its own division. There was a discussion about the impacts of creating the Fourth of July as its own division which included ease of reviewing data; a clean start in moving forward which would provide better budget tracking and annual comparisons; and, the ability to reduce purchase order inaccuracies because a project number would no longer be necessary during data entry to properly code the funds. There was consensus to have the Fourth of July as a separate budget division which would increase the accuracy and availability of budget reports aiding in historical comparisons from year to year.

Mr. Allen asked if there were any other thoughts or concerns about the Fourth of July budget. Councilmember Phipps responded his desire was to be better informed so he could be responsive to residents when asked about the event and the use of City funds.

Mayor Shepherd asked if there were other budget items which needed reviewing.

### *Certified Tax Rate*

Mr. Allen acknowledged he was asked to prepare information about property taxes. He explained "truth-in-taxation" governed the use of property tax in the budgeting process. He continued it determined the specific amount the City would receive without taking any additional action. He added it created a "brake" on revenue windfalls associated with increases to property values. Mr. Allen reviewed the way the system worked noting the County gave the City a tax rate which provided the City the same revenue it received the previous year plus an amount associated with

new construction or what was called “new growth.” He mentioned the rate reflective of those values was called the certified tax rate and Davis County provided that to the City in early June each year.

Mr. Allen reviewed the options available to the City which included accepting the certified tax rate without any further action or if the City needed to generate more revenue it could go through the truth-in-taxation process. He explained the revenue driven system was a formula based on revenue dollars not a tax rate. He indicated the City would be limited to the prior year’s property tax revenue plus new growth unless it went through the truth-in-taxation hearing process. Mr. Allen reiterated the objective of the certified tax system was trying to avoid having a City receive a windfall of property tax revenue because property values increased due to appreciation.

He highlighted arguments for both accepting the certified tax rate and maintaining the tax rate with the City’s proposed FY19 budget. He explained the drafted budget was reflective of maintaining the rate and projected there would be an estimated \$60,000 adjustment needed if the City were to accept the certified tax rate. Mr. Allen commented maintaining the rate was a way to account for inflation, offset the 1.8 percent of sales tax revenue that the State would be taking as a result of Senate Bill 235 for homeless shelter funding, and allow for small annual increases instead of having large but infrequent tax hikes. He mentioned maintaining the tax rate would allow the FY19 budget to hit reserve fund targets of a two month operating expense and 18 percent of revenues. He noted if the rate were not maintained, the Council would need to look into making necessary cuts before the budget adoption in June in order to hit the benchmarks set by fiscal policies to have two months of operating expenses and 18 percent of revenues in reserves. Mr. Allen stated the City’s net operating revenue was about \$70,000 and if the rate were not maintained the drafted budget would need to be cut so the net operating revenue did not decrease to an uncomfortably thin margin.

Mayor Shepherd expressed his concerns that based on the increased property tax value, the County could significantly lower the City’s certified tax rate and then the gap would not only be \$60,000 as estimated for the FY19 budget. Mr. Allen explained Rich Knapp, Finance Manager, made some assumptions and calculated his best guess when preparing the draft budget; however, until the certified tax rate was issued in June the total dollar amount would remain an estimate. He explained based on the estimated rate programed into the budget, if the City were to maintain the rate the average homeowner would have about a five dollar annual increase in taxes. There was a discussion about the historical trends of the City in maintaining the tax rate, the impact of increases with insurance rates, and the measures staff had taken to trim the budget to date. Mr. Allen stated staff was recommending maintaining the rate. He expressed his feeling it would be prudent and a wise policy to maintain the rate; however, ultimately it was a policy decision for the Council and staff would do as directed.

Councilmember Thompson clarified that the certified tax rate did not account for inflation or other increased expenditures to the City. Mr. Allen indicated that was a correct assumption and added to the point by stating some City revenues were increasing; however, property tax was the only source of revenue that the City could control. He continued many cities expected the growth in the community would be sufficient to bring in new revenue to account for the added cost of operations. Mr. Allen explained Clearfield City was not a high growth community. There was a

discussion about the option of accepting the certified tax rate or maintaining the rate; the comparison of benefits, salary, stability of government versus private sector employees; and facing the reality of reducing budget costs by changing the health insurance contribution percentages for City employees by either passing on the large rate hikes, implementing smaller sustainable increases, or requiring a shift from the traditional health plan to the high deductible health plan.

Councilmember Phipps expressed his thoughts remained the same year after year. He stated the City should be an example of long term financial planning and predicted costs. He noted there was an economic facet of raising taxes and this property tax rate philosophy did not seem to apply to the federal or state government bodies which decrease taxes and yet the federal government continues to have the ever increasing national deficit. Councilmember Phipps expressed being pleased with the way the City managed its funds and planned its long term budgets. He stated health care cost increases would not be sustainable in the near future for municipal government to continually absorb the added costs. He suggested there would come a time when the City would need to admit it could no longer subsidize the benefits the way it had in the past. Councilmember Phipps pointed out the insurance cost burden may soon need to be placed back on employees or perhaps a cost sharing could be done for the increases year over year. He expressed his opinion that it was time for the City to evaluate other options rather than continuing to absorb the costs of increased health care costs. Mayor Shepherd stated the way costs were increasing it would be something the City would have to continually look at for its long term planning.

Mr. Allen indicated the budget included underlying assumptions and maintaining the 90/10 split on health insurance cost sharing. He acknowledged both the City and the employees would see an increase in costs for FY19. He noted the Council had given clear direction on the compensation plan and funding was also included in the FY19 budget. Mayor Shepherd expressed his thoughts it would be crucial to take care of the employees. Councilmember Phipps stated he respected the salary study and its unbiased opinion. He agreed it would be important to include the compensation plan in the budget for FY19. Summer Palmer, Assistant City Manager, mentioned the compensation study had clearly put the City into the right market and it was reflected in the caliber of recent applicants. She expressed her opinion it was instrumental in the City's ability to attract and retain good employees.

Councilmember Peterson acknowledged she was split on whether or not to maintain the rate or accept the certified tax rate. She stated she could see merit to both sides; therefore, she had reached out to the residents to gather additional feedback. She reported all but one of a dozen questioned preferred predictable, small, and steady increases rather than the unpredictability of going back and forth. Councilmember Peterson expressed her surprise with the feedback because it was not what she was expecting.

Councilmember Thompson asked to know more about the impacts because of Senate Bill 235 to those cities which had a homeless shelter. Mr. Allen mentioned the State would not take the 1.8 percent of sales tax revenue from those cities which had homeless shelters; however, those cities would be left with the burden of having an approved shelter. Councilmember Thompson stated

he felt it would be better to have the tax rate more controlled over time so there were not larger increases down the road.

Councilmember Roper agreed he would rather have more control over the tax rate so increases would not be as drastic in the future. He commented he had also reached out to residents and was surprised that many agreed having smaller increases over time were better. He stated when explaining it to residents it just made sense to continue with maintaining the rate. Mr. Allen admitted historically when a truth-in-taxation hearing was held to maintain the rate no one came to share public comments.

*Other Items*

Mayor Shepherd stated besides needing input on the tax rate it had also been recommended to have further discussion about the truck leasing options and its FY19 budget impact. Mr. Allen indicated analysis had not yet been completed but the draft budget reflected fleet costs based on the currently used vehicle fleet rotation schedule. He announced when there was a more definitive recommendation on whether or not to accelerate the vehicle replacement schedule with leasing or buying options it would be presented during a future work session. He acknowledged data was being evaluated but the real issue would be whether or not it would be economical or practical for patrol vehicles to participate given the necessity for specialized equipment and its installation.

Mayor Shepherd asked if there were any additional questions about the budget. Mr. Allen indicated any aspect of the budget could be reviewed. The consensus of the Council was all concerns had already been brought up.

There being no further business to come before the Council, **Councilmember Roper moved to adjourn at 8:17 p.m., seconded by Councilmember Thompson. The motion carried upon the following vote: Voting AYE – Councilmember Peterson, Phipps, Roper and Thompson. Voting NO – None.**

**APPROVED AND ADOPTED  
This 12<sup>th</sup> day of June, 2018**

**/s/Mark R. Shepherd, Mayor**

**ATTEST:**

**/s/Nancy R. Dean, City Recorder**

I hereby certify that the foregoing represents a true, accurate, and complete record of the Clearfield City Council meeting held Tuesday, April 17, 2018.

/s/Nancy R. Dean, City Recorder