

CLEARFIELD CITY COUNCIL MEETING MINUTES
6:00 P.M. WORK SESSION
March 26, 2019

City Building
55 South State Street
Clearfield City, Utah

PRESIDING:	Mark Shepherd	Mayor
PRESENT:	Kent Bush	Councilmember
	Nike Peterson	Councilmember
	Vern Phipps	Councilmember
	Tim Roper	Councilmember
	Karece Thompson	Councilmember
STAFF PRESENT:	JJ Allen	City Manager
	Summer Palmer	Assistant City Manager
	Stuart Williams	City Attorney
	Brody Warren	Police Lieutenant
	Scott Hodge	Public Works Director
	Mark Baird	Public Works Deputy Director
	Eric Howes	Community Services Director
	Spencer Brimley	Community Development Director
	Brad McIlrath	Senior Planner
	Rich Knapp	Finance Manager
	Lee Naylor	Accountant
	Trevor Cahoon	Communications Coordinator
	Nancy Dean	City Recorder
	Wendy Page	Deputy Recorder

VISITORS: Brady Jugler – Planning Commission Chair, Kathryn Murray, Ruth Jones

Mayor Shepherd called the meeting to order at 6:03 p.m.

DISCUSSION ON THE FISCAL YEAR 2020 BUDGET

Rich Knapp, Finance Manager, reviewed the budget schedule through the adoption of the tentative budget with the Council. He stated staff had been working on creating the budget for Fiscal Year 2020 (FY20). He explained the proposed budget was drafted with the tier priorities in mind that were discussed with the Council at its retreat meeting in January.

Mr. Knapp highlighted the proposed changes with personnel including headcounts, staffing, and compensation. There was a discussion about funding a position for a community resource officer in the FY20 budget with the potential of having it half funded by a grant that would not be available until January 2020; as well as, the duties and requirements of the officer to be eligible for the funding. The Council appeared favorable to budgeting for a full-time Community

Resource Officer beginning in January of 2020 in hopes that funding would be available from a grant to cover half the expense for the tasks associated with domestic violence; however, if the grant were not awarded to the City, the expense could be addressed through a budget amendment should community policing still be a priority of the Council at that point in time.

There was a discussion about the changes in headcount including the impacts of full-time versus part-time employees, the workload of staff, and the top tier priorities of the Council. Mr. Knapp reviewed the staffing changes and explanations for the increased expenditures as well as the compensation increases planned for the FY20 budget. JJ Allen, City Manager, pointed out the staff headcount increases planned for FY20 were part-time positions unless grant funded in consideration of the Council's priority of fiscal sustainability. There was a discussion about the medical insurance estimated increases and the efforts of staff to reduce that percentage prior to the final budget adoption. Councilmember Phipps pointed out the continued significant increases each year to health insurance premiums would not be sustainable.

Mr. Knapp reviewed the following increases which had been programed into the proposed budget for FY20:

- Merit increase of 1.5 percent
- Pay grade shift / market increase of three percent
- Control point catch-up was complete so no funding was allocated in the FY20 budget
- Compensation study refresh with a cost of \$14,000

Councilmember Phipps questioned how long the data from the compensation study refresh would be relevant. Mr. Knapp responded it had been four years since the last compensation study was done so the refresh would keep it up to date for another few years. Councilmember Phipps expressed his opinion it would be a good practice to continue having a third party complete the study to ensure the compensation rates were based on data rather than emotion.

Councilmember Thompson commented public safety was an important area where the City should commit to assessing the benefits of health insurance and retirement for personnel and be prepared ahead of time to retain its officers should it face another recession. He expressed his opinion keeping the public safety aspect of expenditures managed was a key topic of concern. Summer Palmer, Assistant City Manager, indicated it was a hot topic with the Legislature which would be conducting a study to examine contribution rates for public safety retirement. She mentioned the options available to the City would depend largely on the study's outcome; however, the City budgeted \$20,000 in FY20 as an effort keep its officers above the curve and shorten the progression period of its police officers which should also help with recruitment and retention. There was a discussion about officer retention, retirement, and other methods used for keeping a strategic advantage over other agencies. Councilmember Thompson replied the growing health insurance expenditure was worrisome and there could be gaps in training or other areas where he hoped the City would not fall short in the future or lose key employees if there were a recession. He expressed his desire to evaluate multiple years and be informed on the matter further. Mr. Allen pointed out the Council identified fiscal sustainability as one of its Tier 1 priorities. He stated staff had programmed into the FY20 budget some money for a consultant to do an analysis of the City's fiscal sustainability. He commented the study would help provide the desired multi-year projections for revenues, inflating costs of health insurance, and

retirement. Mr. Allen indicated staff recognized fiscal sustainability was a priority of the Council and staff agreed; consequently, money was budgeted in FY20 for the study. Ms. Palmer added the compensation study would not only look at the employee wages but the entire compensation package which included benefits.

Mr. Knapp identified most of the City's recurring expenditures were for personnel costs which were not easily scaled back. He stated the City's net ongoing surplus was currently expected to be \$70,621, which made for a tight budget; however, included in the proposed budget were the highest possible calculations for the unknown costs so it could look better once the final numbers were known. Mr. Allen pointed out the numbers would change many times throughout the budgeting process.

Councilmember Bush moved to adjourn the work session and reconvene in policy session at 6:58 p.m., seconded by Phipps. The motion carried upon the following vote: Voting AYE – Councilmembers Bush, Peterson, Phipps, Roper, and Thompson. Voting NO – None.

The meeting reconvened at 7:46 p.m.

Mr. Knapp pointed out the numbers had changed with the proposed budget since the packet was distributed, so the updated unrestricted fund balance at the end of FY20 was projected to be \$2,676,146 which was about \$137,174 below the desired amount the City should keep in reserve to cover its operating expenditures for two months. He continued the FY20 budget contained \$169,000 of one-time operating expenditures, \$158,101 for CDBG pass through funds, and about \$1,000,000 was remaining from the Mabey Place bond proceeds. He acknowledged the City was planning to spend down about \$2.6 million dollars of its reserves during FY20 for one-time capital projects. Mr. Knapp reviewed the unrestricted fund balance historical data and pointed out if all went according to budget by the end of FY20 the unrestricted fund balance would be at 16 percent of its revenue balance.

Mr. Allen suggested the Council could consider if there was a percentage it would prefer to set as a target for its unrestricted fund balance. He pointed out the State mandated the unrestricted fund balance not go below five percent or be above 25 percent of the City's total revenues. Mr. Knapp mentioned the number generated for the City to have two months of operating expenditures had been historically about 17 percent of the unrestricted fund balance reserves.

He reviewed the top fifteen revenue sources budgeted in FY20. Mr. Knapp pointed out the City tended to be conservative with its revenue projections. He mentioned FY20 would be the last full year the City would be receiving revenues from the Property Tax – General Obligation (GO) Bond. He added approximately 65 percent of the City's revenues were received from taxes.

Mr. Knapp highlighted the historic summary of the General Fund revenues. He noted the change from FY19 to FY20 was an increase of \$686,127 in total revenues. He stressed the notable differences in the FY20 budget for each of the revenue categories including taxes, licenses and permits, inter-governmental, charges for services, fines and forfeitures, miscellaneous revenue, and contributions and transfers.

Mr. Knapp indicated the budget revenues had been planned conservatively for sales and energy use taxes. He pointed out the new growth property tax revenues were also conservatively budgeted as a \$24,000 increase and it was not based on the City maintaining its property tax rate. Councilmember Bush asked when the property tax values were assessed for new growth. Mr. Allen indicated usually once the certificate of occupancy was issued then taxes were assessed; however, the revenues would not be generated until the following year.

Mr. Knapp pointed out Telecom Tax continued to decrease and was budgeted as a \$30,000 decrease. There was a discussion on the theories behind the continual decreases which were related to cell phones, a decline in cable television usage, and increases to internet streaming which was not taxed through this source. Mr. Knapp reviewed the property tax rate history since 2014 and indicated the new certified tax rate would not be available until early in June.

Mr. Knapp highlighted the additional changes impacting the General Fund revenues for the FY20 budget. He pointed out the projections in the budget for the Clearfield Aquatic and Fitness Center (CAFC) and Recreation were based on the assumption of a fee increase beginning July 1, 2019. Mr. Allen expounded it had been several years since the City had increased its user fees at the CAFC or for recreation, yet the costs had been increasing. He reiterated the increased revenues were not projected due to increases in participation. He continued the entire fee structure would be evaluated to determine those modifications necessary so the City would not be subsidizing the costs which were directly a result of its users.

Mr. Knapp continued with the review of changes impacting the General Fund revenues for the FY20 budget. He asked if there were any questions or concerns with the governmental revenues.

Councilmember Thompson requested a further explanation about how maintaining or not maintaining the tax rate would impact the FY20 budget. Mr. Knapp pointed out in tax years 2014, 2015, and 2016 the property tax rate was 0.0018 because the City had maintained its rate and held a truth in taxation public hearing; however, in tax years 2017 and 2018 the City had not maintained the rate but accepted the County's certified tax rate in 2017 of 0.001745 and in 2018 of 0.001607. He noted if the City maintained the tax rate of 0.001607 for tax year 2019 rather than accepting the County's certified tax rate then the City would have approximately \$80,000 more in revenues. Mr. Allen noted property tax rates were applied to values for the tax year; consequently, tax year 2019 property values would be programmed into the City's FY20 budget. There was a discussion about how the GO Bond revenues would impact future years' budgets and what options would be available so there was not such a hit to the revenues once that source was no longer accessible.

Mr. Knapp reviewed the revenues of the Enterprise Funds which were generated from the utility rates. He stated North Davis Sewer District would not be increasing its rates in FY20; however, as previously discussed there would be a \$2 per can increase from Wasatch Integrated beginning July 1, 2019. Mr. Knapp mentioned the City was in the middle of its utility study and it was time to propose rates for the next three years which included years 4, 5 and 6 of the study. He indicated the proposals for continued increases would come to the Council when the City's Consolidated Fee Schedule was reviewed in an upcoming work session but should be for a total of ninety-two cents per month or \$11.04 for the year. Councilmember Phipps wondered if the

City would be conducting a new utility study. Mr. Allen clarified the study was done and nine years were recommended for increases, but the Council at the time had only desired to adjust the fees for three years at a time, so it was now time to make adjustments for the next three years of the study. Mayor Shepherd pointed out the increases had kept the enterprise funds healthy. Mr. Knapp mentioned it would be helpful for staff to know if there were issues with the increases ahead of time so it could be vetted prior to the budget's adoption because the budget was based on the proposed rate increases that would be considered at a future meeting when the Consolidated Fee Schedule was addressed.

He reviewed the historical and proposed rates for garbage and recycling collection. He noted the City could absorb the increases; although, staff was working to negotiate the terms of its contract with Waste Management for the coming year because there was still a dispute about the provided rate increases. Mr. Knapp stated the proposed budget included additional funding for streets and capital projects to help spend down the General Fund balance on one-time capital projects.

He reviewed the following major new capital projects proposed for inclusion in the FY20 budget:

Streets:

- 500 West, 1700 South to 2000 South – Streets, Storm, and Grant funding - \$4,674,000
- 350 South, State Street to Depot Street - \$1,000,000
- 1000 West, 700 South to 1700 South mill and fill with Syracuse - \$375,000
- 1500 East Canal Casing - \$40,000

Water:

- 700 South Well Transformer replacement - \$100,000
- 1100 South, 1500 East to 1700 East - \$730,000
- PRV SCADA 4 locations - \$178,000

Sewer:

- G Street Sewer Phase 3 - \$500,000

Storm:

- Added \$27,000 to 1450 South State Chelemes project
- Legend Hills Development Area – Upgrades to the detention basin and install 15” line behind AAA / Pinnacle Apartments - \$550,000

Buildings:

- Maintenance and Operations Center (MOC) yard pavement Phase 2 - \$30,000
- MOC Phase 3 – nothing in the budget yet but planning for it would be a good idea
- City Hall – replace Uninterrupted Power Supply (UPS) - \$75,000
- City Hall – replace HVAC unit in server room - \$120,000
- Arts Center – electrical upgrade - \$85,000

Parks:

- Replace irrigation central control, for the entire park system - \$100,000
- Replace / add master valves and flow meters to all the parks in the City – \$100,000
- Holiday decorations - \$30,000
- Update irrigation system (heads and wiring) at Island View Park - \$40,000
- Renovate existing restroom and pavilions at North Steed, Islandview and Kiwanis - \$100,000

- Replace playground at Hoggan's Park - \$60,000

PARAT:

- South Steed Park – refurbish and add pickleball courts - \$350,000
- Cemetery expansion project - \$500,000

There were discussions about each project and how it fit into the tiered priorities of the Council. Mr. Knapp pointed out it was time to do a refresh on the City's impact fee study and money had been programmed into the budget which would be discussed in a future budget discussion. Mr. Allen explained the City could only use impact fees towards projects that were used as part of the study; therefore, the Legend Hills Development upgrades was not a project included in the last impact fee study but was clearly growth related. He stated the City needed to update the study with current growth projections incorporated as well as having its facilities study updated.

There was a discussion about the cemetery expansion project. Eric Howes, Community Services Director, suggested the project could be phased over several years because the total project cost would likely be higher than \$500,000. The consensus of the Council was to phase the project over three years because there were currently enough burial plots to last for a few years and phasing could also save costs associated with its maintenance and allow additional time to install the grass from seed rather than sod. Mr. Allen recapped the phasing identified for FY20 included sewer, water, and electrical or any utility work. Mr. Howes mentioned Phase 2 would likely be the most expensive phase because it would include concrete and asphalt for the curbing and road. He stated the last phase could be its landscaping.

Mr. Knapp reviewed the following capital expenditures for water, parks, buildings, the Aquatic and Fitness Center proposed for the FY20 budget.

Capital Expense – Water:

- City Hall backflow preventer - \$8,000
- Water source protection plan for all wells - \$20,000
- Hydraulic valve exerciser and trailer - \$45,000
- Loader wheel and tire replacement - \$12,000
- Impact Fee Study refresh for water, sewer, storm - \$7,000 each or \$21,000 total
- Utility billing software for water, sewer, storm, garbage integration - \$18,000 each or \$72,000 total

Capital Expense – Parks:

- Replace 082B Kubota and 102B Kubota - \$26,500 total or \$13,250 each
- Skid Steer - \$50,000 (purchase or lease costs were discussed)
- Chipper - \$32,000

Councilmember Phipps asked how the chipper was used. Mr. Howes answered the City currently rented a chipper when needed and highlighted current projects. There was a discussion about whether or not the City should continue its current practice of renting a chipper or if it would be beneficial to own one for additional uses. Councilmember Phipps expressed his concern the purchase was not a good use of money. Councilmember Bush agreed. There was a discussion on the uses of a Skid Steer and whether or not the Council preferred to lease or buy it. There was consensus the Skid Steer should be purchased, but the chipper should be cut from the FY20 budget.

Mr. Knapp continued his review of capital expense projects proposed for the FY20 budget.

Capital Expense – Buildings:

- City Hall – replace conference room chairs in the Community Services conference room - \$5,580
- Arts Center – New tables and chairs - \$10,000
- Concessions Equipment (ice maker / shaver) - \$13,000

Capital Expense – Aquatic and Fitness Center:

- Replace sound system in aerobics / spin rooms - \$10,000 (membership registration fees)
- Fitness equipment replacement - \$42,000 (membership registration fees)
- Flooring on the second floor - \$110,000
- Flooring for future room - \$15,000
- Sand filter controller replacement - \$6,000

There were discussions about each item and whether or not the uses for equipment justified the expense. Councilmember Peterson wondered if the cost of the flooring at the CAFC would include costs associated with the loss of use for those rooms. Mr. Howes responded it did not; however, there was a possibility the work could be completed during the facilities shut down period in the fall. He mentioned if it required additional time there would be an impact to revenues as happened during the past year with the extended shut down for the installation of the water toy.

Mr. Knapp reviewed the historical governmental spending on vehicles. He pointed out last year the City was able to replace eight vehicles with budgeted funds, but due to cost increases for police vehicles there were only five vehicles budgeted for replacement in FY20. Councilmember Phipps recalled the Council having a previous lengthy discussion about vehicles. He confirmed there was a plan for long term retirement of vehicles and those vehicles budgeted for replacement were consistent with following that retirement plan. Mr. Allen responded affirmatively and staff was considering testing the three year replacement market for one F-250 vehicle that was approximately two or three years old to see if it would work for the City and provide the potential cost savings to the fleet expenses.

Mr. Knapp continued his review of capital projects proposed for the FY20 budget.

Capital Expense – IT

- Desktop replacements - \$25,000
- Council Chamber A/V System - \$35,000
- Court Room A/V System - \$7,500
- New plotter for Public Works - \$10,000

There was a discussion about the difficulties with the City's current audio/visual system in Council Chambers. Trevor Cahoon, Communications Coordinator, commented he had requested some additional cameras to provide a view of the podium. The consensus of the Council was updating the A/V in the Council Chambers would be welcomed by residents and long overdue.

Mr. Knapp stated any of the items presented for the FY20 budget were open for discussion. He requested the Council contact staff if there were concerns with any of the proposed budgeted items so each could be properly vetted early in the budgeting process.

Councilmember Peterson moved to adjourn at 9:15 p.m., seconded by Councilmember Thompson. The motion carried upon the following vote: Voting AYE – Councilmember Bush, Peterson, Phipps, Roper, and Thompson. Voting NO – None.

**APPROVED AND ADOPTED
This 23rd day of July, 2019**

/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, March 26, 2019.

/s/Nancy R. Dean, City Recorder