

Heber City Corporation
City Council Meeting
05/19/2011
4:10 p.m.

Special Budget Meeting

The Council of Heber City, Wasatch County, Utah, met in **Special Budget Meeting** on May 19, 2011, in the City Council Chambers located at 75 North Main Street in Heber City, Utah.

Present: Mayor David R. Phillips
Council Members Eric Straddeck
Nile Horner
Robert Patterson
Alan McDonald
Benny Mergist

Also Present: City Manager Mark K. Anderson
City Recorder Paulette Thurber

Anderson suggested there were several things to cover, some of which the Council had not had time to talk about. He referred to the memo from Tuesday and said one of first things to cover were the requests for Capital Equipment.

Councilman McDonald asked about the GPS. He suggested giving each department funds and then they could decide what to purchase as long as they didn't go over their allotted amount. He wondered about taking what was left to spend and divide among the departments. Anderson referred to page 11 in the tentative budget. He said looking at that page, it showed he had proposed moving \$300,000 to Capital Projects Fund so surplus met legal requirements. He also suggested the possibility of paying off the debt of the Central School which would free up monies in the future. Based on recommended funding and Capital Equipment, that would give a surplus of approximately \$637,000. Discussion that the State Law maximum surplus was 18% and minimum 5%. Anderson said the Department Heads would tell the Council they needed everything requested. However, he was trying to keep in reserve what he thought was safe for the City.

Anderson said the first decision the Council had to make was what they wanted in surplus. Then purchases could be determined based on the balance. He suggested paying off the Central School Bond to free up monies in upcoming budgets. Councilman McDonald suggested he would take

surplus down to 5% or 6% and use as much of the reserve as possible. He said it did not make sense to ask for a property tax increase and have such a large surplus. Councilman Horner discussed the monies being pulled out of the General Fund to balance the budget versus the monies raised in a proposed property tax increase. He did not see the need to raise property taxes. Councilman Straddeck said then next year the Council would be facing even more monies they had come up with. Councilman Patterson said there was a need for a long-term solution.

Anderson talked about the typical use of surplus funds--one-time purchases, emergency and changes in economic conditions which the City had certainly experienced the last few years. He suggested using surplus to balance the budget delayed and increased the magnitude of solving the problem of revenues and expenses matching up.

Councilman Horner asked how much money had been approved in the current budget and not been spent. Anderson estimated it to be \$200,000. He said some of that was projects started that could not be completed by year end. He said, too, he had to budget a full benefits package for people but that was usually not all expended. Councilman Horner wondered what equipment had been approved that had not been purchased and wondered about the monies budgeted for the Central School. Anderson said \$20,000 was in process of being expended. Councilman Horner wanted a list of things not purchased yet during the current budget year and said if people really wanted what they budgeted for, they would have purchased/spent it by now.

Anderson discussed the Central School Bond and said there were only two payments left. He said if it were paid off, it would free up \$60,000 worth of operating funds in the next year. Councilman Straddeck said he liked the idea of taking one-time funds to free up reoccurring funds. Mayor Phillips reviewed the options--free up some funds or hold for possible unknown expenses next year. Opinion of the Council on paying off the Bond: Councilman McDonald, no; Councilman Mergist, no; Councilman Straddeck, yes; Councilman Patterson, yes; Councilman Horner, no.

Anderson said he had not gotten clear direction on leadman positions for the Public Works Department. Mayor Phillips said the Council had to follow the merit plan for the City. Anderson said that the Job Analysis Study/Compensation Update had been started as the current job descriptions had been passed out yesterday to the employees. He said that after the employees reviewed them, they were to give them to their supervisor for review. Discussion about why the Public Works employees were not getting their increases. Anderson said his understanding was they had not passed all required tests and also proficiency in doing the job was a consideration. It was suggested there was a difference of opinion on what the employees thought was allowed and what Tozier thought was allowed. Anderson said the Job Analysis Study should be complete by July 1 so that could be evaluated. The Council was in agreement about having more than 1 supervisor in the Public Works Department. Anderson said the direction he received at last

budget meeting was to increase Rounds' wages and that had been done. He had also talked to Rounds about certifications for his crew. Those certifications would be incorporated in the new job descriptions with this Job Analysis. Councilman Mergist said he did not see the presentation from Mark Rounds and wanted a copy of his materials. Mayor Phillips asked if the Council was comfortable with waiting on the study before wage changes were made. Councilman Patterson said the Council had agreed on that at last Saturday's meeting. Councilman Horner questioned if Anderson, after sitting down with Rounds, felt comfortable that the Parks/Cemetery and Public Works were comparable in wages based on certifications. Anderson said based on everything he saw looking at wage comparisons in other cities with Public Works versus Parks, he would say Parks was historically paid less than Public Works. Councilman Horner said that was not what he asked. What he wanted to know was if their pay scale was equal based on certifications. Anderson said a Public Works' employee starting with no certifications was paid higher than a person that worked in Parks/Cemetery. Councilman Horner said the Council had asked Anderson to visit with Rounds and discuss certifications that would qualify them for wages similar, not the same, but similar to Public Works. Anderson said he had had that discussion with Rounds. Discussion about the comparison sheet Rounds had submitted. The Council wanted copies of that. They wanted to make sure comparisons were based on certifications or no certifications in both departments. Councilman Horner wanted to narrow the gap between the two department's wages.

Anderson reviewed what Tozier requested as far as leadman positions. Councilman Mergist felt three positions at the most. Councilman Patterson and Councilman McDonald said two. Councilman Horner said two but that he could change his opinion on the number. He said he was more concerned about the leadman having the authority to act. Anderson said he would build two positions into the budget.

Anderson indicated the Court wanted to get 8 hours back for their clerk which would probably amount to between \$7,000 and \$9,000 a year. Discussion that Judge Birch wanted the extra eight hours as did the clerks. Councilman Mergist wanted to wait on that increase as did Councilman McDonald and Councilman Straddeck.

Councilman Horner asked about the financial director position. Anderson said he had budgeted about \$58,000 plus benefits. Councilman Patterson indicated he was uncomfortable with some of the staffing (two police officers, finance director, Public Works employee, part-time airport manager, and Parks/Cemetery employee) that was approved at last meeting. He agreed with Anderson that the City needed the ability to fund these positions long term.

Anderson asked the Council to look at the Consolidated Fee Schedule:

Page 2 -Anderson pointed out the proposed changes and said there ought to be a charge for access cards and that the Airport Board supported that.

Page 3 – Kohler did analysis on staff time to process these services. Anderson thought these fees were appropriate based on that analysis. The Council wanted clarification on the annexation fee.

Page 4 – Sign Permit \$10, and under building so that was moved into planning. Fence permits have been free but proposing a \$10. Anderson said two things needed to happen in relation to fences--education and enforcement. The Council wanted information placed in the next newsletter.

Page 7 - Police Department recommend an increase in fee for finger printing--from \$10 to \$15. Chief said working on another system for fingerprinting.

Page 8 – Anderson said the rates on page 8 would change if revenues were changed based on fees. Mayor Phillips suggested the Council needed a budget meeting strictly for water and sewer and pressurized irrigation discussion.

Page 9 - Storm Drain User Utility Fee. Anderson indicated this was a new fee this year based on the updated and adopted Capital Facilities Master Plan. He said staff was working on impervious surface fees. He continued he had developed a new Enterprise Fund for this purpose.

Councilman Horner said he was totally against the Storm Drain charge. Discussion about using the Storm Drain system or having one on-site. Anderson suggested having a lesser fee for those that had a facility on site. Councilman Mergist said the name Storm Drain Fee was not clear and that fee needed to have a different name. Discussion about what the fee would pay for--street sweeping, flood canal maintenance like Lower Wasatch and Spring Creek, and storm water retention maintenance. The Council wanted the fee name to be changed to Municipal Service Fee. Councilman Horner indicated property taxes were charged to pay for these fees. Additional discussion about surplus monies. Councilman Mergist said it needed to be determined if property tax covered all the expenses because there was a need for a rate structure that supported the costs. Councilman Mergist indicated the Council had already cut the City down to bare bones. He said the surplus could be wiped out in a second in an emergency and at some point this Council had to look at rates. He continued that the citizens had a certain expectation of the City for a certain type of product delivery and the City had to have a way to deliver that product through finances. He said at some time and some point this Council had to take a stand and look at rates and pay for what was being provided and if property tax was not paying for the costs, then increases had to be made. Councilman Horner said the Council needed to look at businesses and the fees that were always imposed on them. Mayor Phillips talked about the subsidy on Road Impact Fees for businesses that the Council agreed last year to keep. Councilman Straddeck said Councilman Horner was not taking into consideration that the City had gotten to this point from the cumulative effect over the years. He suggested Councilman Horner was making it sound like the City had all this extra money and that was not the case because over the years many things had not been funded.

Page 10 - New impact fees adopted with the Capital Facility Plan.

Page 12, 13, 14 - Eliminated because Don Blackburn was no longer with the City and he was the one that had those certifications.

Anderson showed some rate structure fees from other cities. He said the trend was no water being included in the base rate and people paid for what they actually used.

Property Tax – one of the reasons the City’s rate was lower was because the City didn’t provide fire and recreation services. However, even if those were added on, the City’s rate was still much lower.

Anderson presented a Power Point Presentation on sewer rates. (See handout) Councilman McDonald talked about a base fee that did not include water, etc. He said the base fee was just that, a base fee and then usage would be on top of that. Anderson talked about the base fee from HVSSD. He said he was more comfortable with not fully funding the shortfall of sewer versus water because the sewer was not as demanding as far as maintenance. He showed projected increases on the screen. Councilman Straddeck asked about an analysis on usage. Discussion about the difference in an increase of flow charge and base fee and who would be impacted. Councilman McDonald suggested a progressive rate increase on a five-year plan. Discussion about water conservation and that it actually cost monies.

Councilman Horner asked how much percentage of depreciation other cities funded. Anderson said he did not know. However, if depreciation costs were not funded, those costs would have to come out of operating funds.

Discussion about another budget meeting date—Saturday, May 28, 8:00 a.m.

Councilman Straddeck asked if in the tentative budget there was a tax increase and a public hearing was held and then it was decided not to have an increase, was the City in trouble for not adopting the budget by June or within the time frame as dictated by State Law. Anderson did not think so.

At 6:40 p.m. the Special Budget Meeting of the Heber City Council held on May 19, 2011, adjourned.

Paulette Thurber, City Recorder