

Heber City Corporation
City Council Meeting
03/16/2010

4:00 p.m.

BUDGET MEETING

The Council of Heber City, Wasatch County, Utah, met in **Budget Meeting** on March 16, 2010, in the City Council Chambers 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
City Engineer Bart Mumford
City Planner Allen Fawcett
Chief of Police Ed Rhoades

Others Present: Wes Greenhalgh and Mike Johnston

Anderson said dinner would be available at 6:00 p.m.

Councilman Horner indicated he wanted to meet with the Department Heads alone.

Mark Anderson – Review of Estimated General Fund Revenues / Expenses: Anderson said he wanted to go over the summary sheets of the document he had provided which was found on pages 4 – 7 and discuss with the Council what he saw for the remainder of this year and next year. He reviewed the assumptions he had outlined in his memo which were the basis for the figures he had come up with.

Councilman McDonald asked when the health insurance was renewable. Anderson said July. Anderson reviewed the two insurance plans the City offered--HSA and traditional. Anderson explained the employee benefits had been eroded over the years. Mayor Phillips asked what kind of data the Council wanted in order to look at the insurance benefit. Councilman McDonald wanted to see the information pertaining to both plans.

Retirement: Anderson said over 5 billion dollars was lost in the retirement system last year. As a result of that the State of Utah was forced to look at other programs and forcing participants to pay more into the plan. Anderson reviewed the contribution of the City to the Retirement Plan.

Anderson said effective July 2011, there would be a different program for those people hired after that date, which program would be watered down.

Anderson reviewed page 4 which showed a summary of the General Fund. He reviewed the Internal Service Fund (page 6 under equipment) and explained the concept of the Internal Service Fund. (Each department is charged for vehicles, that money is placed in an Internal Service Fund, and then that pays for new vehicles when they are needed). Anderson suggested if the departments were not charged for a period of time, it would decrease the pressure on the General Fund. Anderson said this charge was effective at the end of each quarter and if the Council wanted to stop that now, he would not charge the departments the quarter ending in March.

Councilman Horner asked about the depreciation on capital projects. Anderson tried to explain the way that worked based on government accounting. Councilman Horner wondered about the depreciation time frame and wondered if that should be extended and if it would make a difference on the bottom line.

Councilman McDonald wondered if the depreciation of the water and sewer fund could be transferred to the General Fund for a temporary time. Councilman Straddeck said only if the Council wanted to go to jail. Anderson explained that if the Council wanted to move monies from water/sewer fund to the General Fund, a public hearing had to be held. Councilman Straddeck suggested this was the wrong discussion--if the Council wanted to fund sewer less, then fund it less, but don't mess with depreciation--depreciation was funny money, and had no cash value in it.

Councilman Horner said he didn't have hard numbers and couldn't get them. Anderson said the financial statements showed the hard numbers. Mayor Phillips suggested that for the Council's benefit, Anderson put a list together of what was in each fund, what was available and what funds could have monies transferred into and out of. Councilman Straddeck encouraged moving on to other items as depreciation was what it was, governed by rules, and could not accomplish what the Council was trying to do.

Mark Rounds: Rounds said he appreciated the opportunity to talk to the Council. He indicated his list of requests did not consist of much. He reviewed his requests for seasonal positions and said in the past he had four seasonal people in the Parks Department and four people in the Cemetery Department. He had cut back on that and was asking for only four total which was the same as last year. He said he usually brought the seasonal people on starting in April up until Memorial Day and then some left for school in the fall and one usually stayed a bit longer. Rounds continued that his one budget item was to replace the flags that were flown at the cemetery on holidays, etc., as they were getting worn and tattered. His next item was funding of flower baskets that hung on Main Street lamp poles. He said a local vendor bid those out at \$55 each and he needed to start planting them in about a week so they would be ready to hang in June. The last item on his list was a New Holland Skid Steer. He said about seven years ago the City entered into an agreement with Bobcat. However, last year the State bid went to RMT. So his Department went with them and got a new machine for \$950. He said that was a piece of equipment they use year around--they use it for everything. Rounds said that was all he had

requested this year. However, with that said, some of the mowers were really getting old and showing their age and would ask for some additional in the operating budget for repairs, maintenance, etc. He said he knew things were thin and hard and he was trying to work with the conditions as much as possible. Discussion about mowers and park impact fee monies from last year. Discussion about where the Council wanted those monies to be spent.

Councilman Straddeck asked about the Skid Steer and if the City missed a year making a trade per the agreement, what would happen? Rounds said the City would lose out and would have to start over with a higher cost.

Councilman Horner asked where Rounds' Department was in relation to the budget this year. Rounds said he had not seen February reports, but thought he was close. Anderson indicated that Department had had some unexpected expenses.

Discussion about impact fees. Anderson talked about the playground equipment in the parks. The reason some equipment had not been placed was because of ground water. It needed to be placed in the park where it would not create a liability to the City. Rounds would like to see the impact fees spent in an area where the entire community could enjoy it rather than in a neighborhood park where only a small amount of people would enjoy it.

Councilman McDonald asked what the Council could do to help him. Rounds said keep wages even as much as possible. He said as it stood right now, they were happy to have a job. Mayor Phillips complimented him on the job he did and the way he kept the City looking good.

Rounds said one item of concern was weeds and said weed spray was pretty expensive. Councilman Horner wanted to know if he ever contacted the County and tried to piggyback with them. Rounds said their chemical was different than what he usually used. Councilman Horner wanted him to check with Quinn (Wasatch County) and see if that might help with the cost. Rounds indicated he had only fertilized once a year the last few years. Councilman Straddeck said he wanted the budget to reflect the chemicals that Rounds needed.

Allen Fawcett: Kohler started by discussing the status of the economy and where he thought it was going. He said he felt the economy would be turning around soon and that the experts predicted Heber would be one of the first to turn around. He said Nelson, from the University of Utah, had said Heber would be the fastest growing area when the economy turned around. Kohler said the City had a potential 3,300 more residential lots with the current boundaries which would put the population at approximately 18,000 people and that the City should be built out in the year 2022. Kohler continued that the Stock Market was improving and experts predicted Heber was one of the last to feel the effects of the recession and the first to come out of it. A graph was produced on the overhead which showed business license trends, building permit by type and the Dow Jones Industrial Average. Kohler reviewed those graphs.

Fawcett talked about future growth issues. He said with the Boyer project, Gateway, and revitalizing downtown there would be 20 or more new stores in the area. Anderson said he had spoken with Wade Williams earlier in the day and Williams was saying the front elevation of the proposed WalMart store might still be in question but expected the architects would be talking

with the City soon. He said that Beahles, Maurices, Famous Footwear, and Rue 21 were some of those committed and that Chase Bank was also planning to build a building here. He said that the Planning Commission had received boundary lot changes on a lot intended for a hardware store (Hurst) and that piece of property would then be parceled out into smaller lots. It was indicated that Burger King was on and off with their commitment.

Fawcett said there was more than the Boyer project to consider and that staff was very much interested in not leaving downtown vacant. He said there had been recent interest in the Zions' Bank relocation. The planning staff had received interest and had discussions about a restaurant downtown with a nice parking plaza behind the building. Infill and redevelopment was discussed about the area between 600 South and 1200 South. Fawcett said, too, that the owner of the Viking Lodge was involved with Marriott Fairfield and had shown some interest in something else in Heber.

Fawcett recommended to the Council his Department stay at current staff levels and said his budget had been reduced twice in the recent past and this was the third year at the current wages. Fawcett said he felt it was an error to not increase business license fees since it had been 15 years since the last increase. He did not feel the actual cost to administer the business licensing process was being met.

Councilman McDonald asked what were some of the criteria he used to reduce his budget. Fawcett said they went down line item by line item, reduced them and worked closely with Mumford, as far as the engineering aspect of projects that go before the Planning Commission were concerned. Anderson explained that in the Planning Commission budget there was a large number for outside consultant work.

Wes Greenhalgh: Greenhalgh handed out a packet of information to the Council. He said in the past he had not had a lot happening in the Building Department. However, because of rumors of letting go the other inspector, he wanted the time to review the Building Department and how the budget worked. He talked about their needs in the past--they had replaced the computers twice and replaced the truck once and said his Department's budget was mostly operating expense and manpower. He said the Council might not fully understand, but the Building Department did not, by nature, serve the entire public, but only those that pulled permits. Greenhalgh reviewed the handout he presented to the Council. He continued that he had a top-notch Building Department.

Councilman McDonald asked if they worked 4-10. Greenhalgh said yes and it worked fine. However, the office was open 5 days. He indicated Mindy Kohler was in the office on Friday to take calls and make appointments but no inspections were done on Fridays. He said he hadn't had but a few complaints with this schedule.

Greenhalgh discussed \$10,000 of operating expenses, which came from a previous year's padding, that he perceived would not be used. He talked about clothing allowance and said they already had coats and would probably only need boots next year. Greenhalgh explained that his Department had to purchase Building Code Books and that one full set had to be in the Recorder's Office and one in his office. He said that in the past, they had carried a copy of them

in the truck but that set had been eliminated. It was explained that Code cycled every three years and they would not need to purchase new ones this upcoming budget year.

Greenhalgh indicated his Department did not issue a single family building permit in January; however, beginning the 14 of January, they started receiving applications and anticipated 20 or so. He talked about upcoming commercial projects: the Caring Place, animal hospital, Boyer, and Gateway which would generate enough monies to cover any discrepancy in the Building Department.

Greenhalgh discussed the charts he had placed in the packet of information he presented. He talked that when in a low economy people should not be laid off. He discussed, too, the people in his Department had been working in other departments to help the City—he was helping the Court Clerk input tickets, Mindy Kohler helped with administrative duties (accounts receivable and payables) and Blackburn was working in the Public Works Department.

Greenhalgh explained that permit holders were the ones that provided the revenue for his Department and suggested the City needed to keep the staff in that Department the same in anticipation of growth. He suggested that once the City was built out, that was when the Department might need to be changed in size.

Mayor Phillips asked if Blackburn had the same credentials as Greenhalgh had. Greenhalgh said Blackburn had more. Mayor Phillips asked if his Department had had calls about no inspections on Fridays. Greenhalgh said no, but Councilman Horner said he had had calls. Greenhalgh wanted to know who they were so he could work with them. Mayor Phillips said the City was not so closed minded that they weren't working with people but were reasonable and wanted to accommodate people as much as possible.

Councilman McDonald wanted to know Greenhalgh's goals this year. Greenhalgh said stay fully staffed. He said they were reactionary and one thing he could do was obtain more certification. He said he knew there were a lot of things in the energy code that would create an extreme amount of grief for contractors. Anderson said Greenhalgh did have goals as far as fire inspections, categorizing uses within buildings, and goals in relation to the Business License Department.

Councilman Horner asked if he would be ok with going to a 5-8 schedule rather than lose an employee. Greenhalgh did not see that a 5-8 schedule would help. Councilman McDonald said he knew contractors appreciated the after 5:00 inspections.

Bart Mumford: Mumford said he had been focusing on the 5-year Capital Improvement Plan. He said he believed in using this time to develop a proactive plan and mitigate long term impact. He discussed the 5-year Capital Improvement Program and reviewed the attachment B he had provided in the Council packet. He then talked about attachment 1 which showed next year's Plan. He said the City was in good shape but felt the maintenance/operation was the most important need.

Councilman McDonald asked if water fund monies supplemented secondary irrigation. Anderson said yes, those funds were together. Mumford explained the City did not have a source in place for funding of secondary irrigation. Mumford reviewed the attachment and explained those items on it.

Councilman Straddeck asked about the general fund expense by type chart and which line item did the \$80,000 show up in. It was explained it was not budgeted yet. Anderson said it would be an operating expense in parks.

Mumford said he would like to spend some monies for manhole replacement.

Mayor Phillips asked if the hospital well was complete. Mumford said it was a smart thing to get that taken care of. He said source wise, it should last 10-15 years.

It was indicated that the work given to Horrocks Engineering had been scaled down--they were working with Mumford on the Master Plan, but as far as development, they had been scaled down.

Mayor Phillips asked about mapping. Mumford said storm water and irrigation were not yet complete, but his Department had done a lot of mapping now which provided large cost savings to the City.

Councilman McDonald wanted to know what project he was most excited about. Mumford said the Master Plan because so much depended on that document. He said if they could finish the Master Plan, mapping and the current projects, he would be excited.

Mayor Phillips suggested the Council needed to talk about where the impact fees could be spent and allow Mumford to get going on some of those projects.

Steve Tozier: Tozier said he had tried to put as much information as possible together on each line item so he didn't have to do much of a presentation. What he had attempted to do was determine where the expenses were as more came out of water and sewer than he thought should. He said the City spent a lot of time repairing the water system as anything underground did not get a lot of observation. Councilman McDonald wondered how often he did a camera check on the lines. Tozier indicated he was trying to get a video history and tried to get guys out before major problems arose. He suggested that before he took over the Public Works Director position, there was no preventative maintenance done. Tozier explained that right now his Department was doing fire hydrant maintenance and they attempted to exercise the hydrants once a year. He indicated they had replaced approximately 25 fire hydrants.

Tozier said, too, that his Department had taken on the responsibility to maintain the entire Heber City fleet which had not been done prior to his employment. He said one person was dedicated to that. Tozier said that 15 of the 27 City vehicles were 11 to 20 years old and they worked hard to keep them maintained. He said he would like for the City to look for some new vehicles.

Anderson explained the demand for water and sewer delivery was not affected by the economy--it was what the customer was willing to pay for. If anyone thought the budget would get better if the economy improved, it wouldn't--either control costs better or increase rates.

Anderson discussed the targeted goals for each department within the Public Works and then discussed the differences in costs from WETINC having responsibility for the ditches and the City having that responsibility. It was indicated the City had taken back the irrigation responsibilities. He said that because it was late in the year last year when the City took the ditches back, the crew didn't do a lot of ditch cleaning last year. He said one goal was to improve delivery of irrigation water.

Discussion about roads and that many homeowners had hauled in materials to improve the access to their homes which had been the cause of some drainage problems. Tozier said he would like to complete the sewer video library this year and would also like to get the entire system jetted. He said he had seen increased levels of grease and would like to get involved in inspecting those. He felt for those that wanted to improve the access to their homes, there needed to be some kind of agreement in place which addressed drainage issues.

Tozier talked about meter vaults and said there were 3,800 meter vaults that would need inspection. He said that working on field verification and maps had helped--they had worked hard to have more accurate maps. He said he would like more valves in place and also would like to improve tracking of costs and be more accountable to where the money went.

Mayor Phillips asked about the two new hires Tozier wanted. He also asked about valves and what position the City was in in relation to that. Tozier said his Department was not as far ahead in that area as he would like.

Councilman Straddeck asked Tozier about his staffing requests, as well. Tozier said since his Department was taking back the airport maintenance and irrigation ditches and he needed help on the mechanical side, he felt it was a reasonable request. He said he would like to focus some on sewer and spend less time in a reactionary mode for that department. He said he had looked at other cities smaller than Heber that had 10 or more people than Heber had in their Public Works Departments.

Councilman Straddeck asked about the John Deere Loader Program and asked how the City could pay \$99,000 and get back \$108,000. Tozier explained it was a government subsidy. He discussed at length the need for a loader and that need was a year-round need. Councilman Mergist asked if there was a chance a new loader for the airport could be purchased through grant monies and the City buy the old one for the Public Works Department. Anderson said entitlement monies could possibly be used. Councilman Straddeck suggested if the City could get paid to use one, he thought it would be worth looking into. On the mechanical side they had worked with Heber Valley Railroad, had helped each other out and cooperated with each other. Councilman Mergist said he wanted the other Councilman to at least approve the car lift. Discussion that there were a lot of water services that were failing. Tozier wanted to upgrade to the new standard. He said with the new meter box they had not had any freeze ups. Tozier said water loss was huge and he was trying to clean up as many problems as possible. Councilman

Mergist asked about where the City was on the sewer line on 400 West 400 North. Discussion. Tozier talked about the insurance payouts on sewer failures.

Chief Rhoades: Chief Rhoades indicated during last week's Council meeting he had passed out a document and asked for any questions in relation to that. He said he was not asking for a lot and was trying to make sure they were a good neighbor and trying to work with what they had. He said they were short in both the Animal Control Department and the Police Department. He said he was down on supervisors; consequently, some shifts were worked without a supervisor so a lot of officers were on the street without supervision.

Chief Rhoades said he had looked at several things when preparing for this new budget and one was manpower. He said they were struggling and busy but making it. He proposed one way to offset some of the shortages would be by a volunteer and reserve service group. He discussed this at length. Chief Rhoades talked about DeMille, Segura, and Deville and stated that because they were full-time officers with other cities, it was hard to get them when needed. However, he tried to get them to pull a shift as much as possible which saved on overtime.

Chief Rhoades discussed a Reserve 1 and Reserve 2 Program and said he would like to have four positions. That would give him a second reserve staff and the City would only furnish their uniforms—no other pay would be involved. He also discussed a next level program being the VIP (Volunteer in Police Services) with 6 officers. Four level 1 officers and two level 2 officers.

He said it would cost approximately \$3,000 to start this program. Councilman McDonald felt it should be started tomorrow. Anderson said the Police Department was under budget and could probably fund it for next year. Chief Rhoades said he had enough weapons to use in the program. He reviewed his budget and indicated he had been very conservative. He said he had two cars that were down to grey paint—they both needed new paint and decals which would cost about \$1,100 for both. As far as the 2006 cars, one was at 60,000 miles and one at 50,000. He said he would consider selling three cars and put the white car back as a reserve car. Councilman Mergist asked what the preference in the force was between the 4-wheel drives and the sedans. Chief Rhoades said they did not get as good a gas mileage in 4-wheel drive, but there were times during the winter when the sedans could not get into Valley Hills. He said the officers were confident they could get where they needed to go with the 4-wheel drive vehicles. Chief Rhoades said the pressure, as far as purchasing the vehicles, was they have to buy in April with the program they were on.

Anderson said at next meeting he would summarize all requests made tonight by funds. He said he typically made recommendation and then the Council would change that according to what they wanted. After the recommendations had been approved, he would build them into the budget.

Police Building needs. Chief Rhoades said he was surprised his Department made it through this winter in their current location, especially with the asbestos issues. He said he had spent a lot of time trying to find funding for a new building--grants, legislature, etc., and said, too, a private citizen had offered \$150,000 in excavation services. Discussion about a private/public venture. Anderson said he and Mayor Phillips had met with Layton construction and discussed with them

the option of Layton Construction building a Police Department building and the City buying that from them over a period of time. Chief Rhoades said he had talked with people and they had encouraged a lease/purchase type of option. Councilman Mergist said that intrigued him. Having a Police Department Building in the Boyer project would provide them with full-time security. He said he had a feeling that was something that might fly. Councilman Straddeck said he looked at the current Police Department building again last week and the Council needed to make a new Police Department building a priority--if not building a building, at least a long-term plan for a building. Chief Rhoades discussed different options for getting a building.

Chief Rhoades discussed a Reserve Program. The Council gave approval for him to initiate that Program.

Anderson explained that in the Judicial Department there were more and more costs for court appointed attorneys. He said the City did get that money back, but it took some time.

Anderson indicated that Armstrong Engineers had incurred almost \$20,000 in costs in relation to the Snow Removal Building and before the FAA would contribute towards that cost, they had to have a finished product. He said that Kristin Hartman was willing to come in and talk to the Council about the issue. He asked if the Council was interested in moving forward with that building next year. Councilman Straddeck said he was interested in having her come and talk about the flight area based on the position of the road. Anderson said he would make arrangements for her to attend a Council meeting to answer any questions they had in relation to the Snow Removal Building, road position, flight area, etc.

Councilman Horner asked the Council if they would be interested in looking at the Parks/Cemetery Department being responsible for maintenance at the airport. Councilman McDonald wanted to work with Nadim AbuHairdar by changing his lease agreement and have him do the maintenance.

Anderson talked again about the Internal Service Fund and asked if the Council wanted to temporarily stop those charges to reduce the budget gap. They did.

Anderson said one of the things the Council would see in the updated Master Plan, as it related to storm water, was to impose a storm water fee to residents. He said it was getting to be a bigger and bigger issue, the City's responsibility kept expanding and the City resources kept decreasing. He said that most communities charged a storm drain fee.

At 8:30 p.m. the Budget Meeting of the Heber City Council held on 03/16/2010 adjourned.

Paulette Thurber, City Recorder