



# HIGHLAND CITY COUNCIL SPECIAL WORK SESSION MINUTES

Tuesday, March 13, 2018  
Approved April 3, 2018

Highland City Council Chambers, 5400 West Civic Center Drive, Highland Utah 84003

**PRESENT:** Mayor Rod Mann, conducting  
Councilmember Brian Braithwaite  
Councilmember Ed Dennis  
Councilmember Tim Irwin  
Councilmember Kurt Ostler  
Councilmember Scott L. Smith

**STAFF PRESENT:** Nathan Crane, City Administrator/Community Develop. Director  
Erin Wells, Assistant City Administrator  
Gary LeCheminant, Finance Director  
Todd Trane, City Engineer  
Justin Parduhn, Public Works O&M Director  
Tim Merrill, City Attorney  
Cindy Quick, City Recorder

**OTHERS:** Ed Barfuss, Darci Brunson, Morgan Tew, Jaren Tew

## **7:00 P.M. SPECIAL WORK SESSION** (CITY COUNCIL CHAMBERS)

Call to Order – *Mayor Rod Mann*

Invocation – *City Recorder Cindy Quick*

The meeting was called to order by Mayor Rod Mann as a special work session at **7:00 p.m.** The meeting agenda was posted on the *Utah State Public Meeting Website* at least 24 hours prior to the meeting. The prayer was offered by City Recorder, Cindy Quick.

### **1. FISCAL YEAR 2018-2019 NEW EXPENDITURES**

City Council would review newly proposed operating and capital expenditures for next fiscal year.

Mayor Rod Mann introduced the item and said staff had taken a lot of time to prepare the numbers they would be presenting, but they were still preliminary. With continued work, staff would be able to present more detailed information. He encouraged the City Council to focus on the basic information and avoid getting stuck on the details.

Nathan Crane, City Administrator began his presentation by showing the expenses staff had estimated in addition to the inflationary costs provided by the Lewis Young Robertson and Burningham (LYRB) study. He reiterated that the numbers were simply estimates and had not been reviewed by each department yet. The estimates may change based on the trends they see from the current fiscal year, once that has been completed. They would be focusing on the General Fund for the work session. He noted that they had not forecast expenses and revenue for the end of the current fiscal year, so some of the numbers presented would change. He then presented a slide showing the estimated revenue and expenses for the 2018-19 Fiscal Year. Revenue would be roughly \$8,570,520, with expenses at \$8,791,415; a difference of \$220,896.

Council Member Tim Irwin asked that staff focus on getting the actual revenue and expenses for the current fiscal year. Nathan Crane said that they would get those numbers in mid-March.

Council Member Ed Dennis brought up the audit issue with the excess reserve fund.

Gary LeCheminant, Finance Director explained that there was \$537,000 in reserve funds, and some of that was being used to purchase snow plows. He was sure the City would not exceed the 25% this year.

Nathan Crane presented the revenue summary for the 2018-19 Fiscal Year. The decrease in revenue was reported as being mostly driven by the trend the City was seeing in the decrease in building permits submitted. Court fees had also slightly decreased. In response to a question from Council Member Brian Braithwaite, Nathan Crane clarified that the fee amounts had not changed, but there had been amendments to State Law that changed how fines were imposed.

Council Member Brian Braithwaite suggested some of the decreased revenue could also decrease the expenses. He gave the example of building permits and explained that fewer building permits would require fewer hours from the building department. He encouraged staff to examine those expenses further.

Council Member Tim Irwin asked for clarification on Intergovernmental Revenue. Erin Wells, Assistant City Administrator explained that it was referencing the B&C Road Funds. That service used to come from the General Fund but was moved to another account because of the bond. Gary LeCheminant said this year impact fees would directly pay the debt service.

Council Member Brian Braithwaite commented that some of the expenses and revenue amounts were the result of money being shifted around.

Nathan Crane presented the Expense Summary for the 2018-19 Fiscal Year and addressed each increase and decrease individually.

Council Member Brian Braithwaite asked if Todd Trane's salary could be paid out of the Street/Road Fund since he was doing all the engineering work in-house. Todd Trane, City Engineer answered affirmatively and said the change would have to be transparent to the public. Nathan Crane said staff would do what the Council advised them to do on the issue.

Regarding the garbage fee, Council Member Brian Braithwaite stated the last time they raised that fee was in anticipation of an increase in revenue. Gary LeCheminant said he could not recall a time when the City increased the amount charged for anything like that in the time he has worked for the City. Council Member Braithwaite wanted to be sure that their expenses didn't exceed the revenue. If that was the case, they should consider increasing charges. Gary LeCheminant assured him that they weren't going into the negative with the fund.

Nathan Crane revisited Intergovernmental Revenue and explained that it was revenue from the “rainy day” fund for the snow plow and the debt service changes. The budget that staff was currently working on had no carryover cost or money being pulled from reserves.

Council Member Ed Dennis assumed the statement included the caveat that if the reserves do exceed the statutory limit of 25% that the City would need to bring those down into the acceptable limit. He questioned whether the City needed to maintain a 25% reserve at all times or use the money. Nathan Crane reported that it was a matter to be discussed by the Council.

Nathan Crane addressed Fire, which he thought seemed to be underfunded over time. The average increase of the Fire budget was 3% since 2012. The increase of the administrative portion of the budget was about 12%. Staff had only recently discovered the matter and would need to go back and research it properly. Police had risen 5-6%. Administrative was shared between Fire and Police. Nathan Crane confirmed that the Lone Peak Fire District Board had not seen or approved the numbers yet. He briefly talked about the recent reorganization of the departments.

Council Member Ed Dennis initiated a discussion about the possibility of Cedar Hills leaving the Lone Peak Fire District. Nathan Crane said the capital expenditures wouldn't change if Cedar Hills chose to leave. Mayor Mann commented that they would have to pay a buyout fee if they left the District.

Nathan Crane presented the proposed Police budget and an Illustrative Expense Summary based on averages since 2012.

Council Member Ed Dennis asked for clarification on how the reserve funds used for snow plows was shown in the budget. He felt they should not be included because it's not a current year budgeted revenue. It was misleading and confusing to suggest that there was a \$16,000 reduction in the overall revenue, when in fact \$357,000 of that was a one-time revenue that came out of General Fund Reserves.

Nathan Crane said staff had tried putting the charts together without the \$357,000, but the numbers didn't line up without it. He said it was considered “revenue” because they were bringing funds into the General Fund from another place. Council Member Ed Dennis argued that it was not current year revenue because they were using reserve funds; those were prior revenue items, not current revenue. The City Council and staff continued to discuss the issue. The Council was concerned about how the public would interpret the information, and they stressed the need for the City to be transparent. Finance Director Gary LeCheminant then explained how these expenses and transfers had to be recorded for accounting purposes. Council Member Brian Braithwaite told staff to continue recording the numbers as necessary, but to make sure that there were notes included so that situations like this were clear to residents.

Council Member Tim Irwin was concerned the charts did not include an increase in property tax and sales tax for the upcoming year. Highland had experienced residential and commercial growth in the past year.

Council Member Ed Dennis requested to see the proposed budget compared to last year's budget, so they could see the changes. Finance Director LeCheminant said there was going to be a work session on April 11<sup>th</sup> to discuss the matter.

Mayor Mann commented that the purpose of the presentation was to show that there were more expenses than revenue for the upcoming fiscal year.

Council Member Scott L. Smith asked for a basic explanation of the nature of the reserve funds and Finance Director LeCheminant responded. There was a discussion about differences between the cash balance and reserves. Assistant City Administrator Erin Wells commented that dipping into reserves was appropriate for one-time costs, but staff was uncomfortable using those funds for ongoing costs.

City Administrator Nathan Crane went back to the slide showing Revenues versus Expenses for the upcoming fiscal year. These numbers did not include the Fire and Police capital expenses. He oriented the Council on the increases outside of those in the LYRB study, for which the General Fund would need to pay moving forward.

There was a brief discussion on funding the General Plan Update and the personnel requests from the Library, neither of which were included in the expenses now. They also discussed the future needs of the Parks and Recreation Department over the next five years.

Erin Wells explained that the document provided to City Council was essentially a “wish list” for the General Fund over the next five years. Nathan Crane reminded the Council that the City was doing a Sustainability Analysis, so the sheet provided was a list created by staff to show expenses they expect to have over the next five years.

## **2. HIGHLAND CITY COMPREHENSIVE FINANCIAL SUSTAINABILITY PLAN**

Discussion on the fiscal sustainability model prepared by Lewis Young Robertson and Burningham.

There was no discussion.

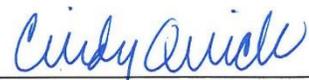
## **ADJOURNMENT**

Mayor Rod Mann called for a motion to adjourn.

*Council Member Brian Braithwaite MOVED to adjourn the meeting and Council Member Ed Dennis SECONDED the motion. All voted yes and the motion passed unanimously.*

*The meeting adjourned at 8:24 PM.*

*I, Cindy Quick, City Recorder of Highland City, hereby certify that the foregoing minutes represent a true, accurate and complete record of the meeting held on March 13, 2018. This document constitutes the official minutes for the Highland City Council Meeting.*



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Cindy Quick, CMC  
City Recorder

# Welcome to the Highland Work Session




## PRIORITIZATION OF FY 18/19 BUDGET EXPENDITURES

Item #1 - Discussion  
 Presented by - Nathan Crane, City Administrator/Community Development Director

### Introduction

- March Madness
  - Preliminary Only
- Only General Fund
  - 100,000 foot level
- LPPSD Budget Proposal
  - Departments
  - Prioritize
- Expenses vs Revenue in a single year
- Have not forecasted expenses or revenue for end current fiscal year

### Revenue vs Expenses FY 18/19

- Preliminary Budget
- Revenue: \$8,570,520
- Expenses: \$8,791,415
- Difference: -\$220,895

### Revenue Summary FY 18/19

Decrease	Amount	Increase	Amount
Court Fines	\$ (44,500.00)	Taxes	\$ 318,500.00
Development Review Fees	\$ (55,500.00)	Other	\$ 67,490.00
Building Permits	\$ (106,000.00)	Transfers In	\$ 23,835.00
Misc. Revenue	\$ (19,100.00)		
Intergovernmental	\$ (448,500.00)		
<b>Total</b>	<b>\$ (673,600.00)</b>	<b>Total</b>	<b>\$ 409,825.00</b>
<b>Net Difference:</b>		<b>\$ (263,775.00)</b>	

### Expense Summary FY 18/19

Decrease	Amount	Increase	Amount
City Council	\$ (23,850.00)	Administrative	\$ 4,430.00
Community Events	\$ (12,824.00)	Appeal Authority	\$ -
Parks and Rec	\$ (3,795.00)	Attorney	\$ 8,000.00
Planning and Zoning	\$ (1,407.00)	Auditor	\$ 400.00
Recorder	\$ (59,009.00)	Court	\$ 4,345.00
Streets and Roads	\$ (389,376.00)	Fire	\$ 83,761.00
Transfers Out	\$ (130,495.00)	Engineer	\$ 20,003.00
Building	\$ (15,312.00)	Finance	\$ 6,100.00
		Garbage	\$ 46,105.00
		Library	\$ 19,986.00
		Police	\$ 74,526.00
		Treasurer	\$ 1,627.00
		Building	
<b>Total</b>	<b>\$ (636,068.00)</b>	<b>Total</b>	<b>\$ 269,283.00</b>
<b>Net Difference:</b>		<b>\$ (366,785.00)</b>	

### Fire Proposal

Operation (Ongoing) - Fire	Amount Increase
Alpine	\$45,889.56
Cedar Hills	\$27,807.40
Highland	\$77,766.04
<b>Total</b>	<b>\$123,463.00</b>

Capital (One Time) - Fire	Amount Increase
Alpine	\$44,382.10
Cedar Hills	\$41,899.03
Highland	\$72,918.88
<b>Total</b>	<b>\$159,200.00</b>

### Police Proposal

Operation (Ongoing) - Police	Amount Increase
Alpine	\$15,017.22
Highland	\$74,525.78
<b>Total</b>	<b>\$89,543.00</b>

Capital (One Time) - Police	Amount Increase
Alpine	\$4,870.78
Highland	\$8,929.22
<b>Total</b>	<b>\$13,800</b>

### Illustrative Expense Summary FY 18/19

Decrease	Amount	Increase	Amount
City Council	\$ (23,850.00)	Administrative	\$ 4,430.00
Community Events	\$ (12,824.00)	Appeal Authority	\$ -
Parks and Rec	\$ (3,795.00)	Attorney	\$ 8,000.00
Planning and Zoning	\$ (1,407.00)	Auditor	\$ 400.00
Recorder	\$ (59,009.00)	Treasurer	\$ 1,627.00
Transfers Out	\$ (130,495.00)	Court	\$ 4,345.00
Building	\$ (15,312.00)	Streets	\$ 32,376.00
		Engineer	\$ 20,003.00
		Finance	\$ 6,100.00
		Garbage	\$ 46,105.00
		Police (Less than Average)	\$ 74,526.00
		Average Fire (3%)	\$ 32,364.00
<b>Total</b>	<b>\$ (246,692.00)</b>	<b>Total</b>	<b>\$ 230,276.00</b>
		<b>Net Difference:</b>	<b>\$ (16,416.00)</b>

### Revenue vs Expenses FY 18/19

- Preliminary Budget
- Revenue: \$8,570,520
- Expenses: \$8,791,415
- Difference: -\$220,895