



HIGHLAND CITY

HIGHLAND CITY COUNCIL WORK SESSION MINUTES

Tuesday, June 9, 2020

Approved July 7, 2020

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

This meeting will be held as outlined by the State of Utah's guidelines for the Low Risk phase for the COVID-19 pandemic. Individuals, especially those in a high-risk category, are strongly encouraged to participate in the meeting virtually via YouTube live at <http://bit.ly/HC-youtube>. If individuals participating electronically would like to make a comment during the Unscheduled Public Appearances section of the agenda or during one of the Public Hearings, they may call 1-669-900-6833 and use the Meeting ID: 879 7957 9981. Comments may also be emailed to council@highlandcity.org prior to the meeting.

PRESIDING: Mayor Rod Mann

COUNCIL MEMBERS

PRESENT: Timothy A. Ball, Brittney P. Bills, Kurt Ostler, Kim Rodela, Scott L. Smith

CITY STAFF PRESENT: City Administrator/Community Development Director Nathan Crane, Assistant City Administrator Erin Wells, Finance Director Gary LeCheminant, City Engineer Todd Trane, City Recorder Stephannie Cottle, Police Chief Brian Gwilliam (electronically), Fire Chief Reed Thompson (electronically), Library Director Donna Cardon

OTHERS PRESENT: There were none.

PRESENT ONLINE: There were none.

7:00 PM WORK SESSION (CITY COUNCIL CHAMBERS)

Call to Order – Mayor Rod Mann

Invocation – Council Member Kurt Ostler

Pledge – Mayor Rod Mann

The meeting was called to order by Mayor Rod Mann as a work session at **7:05 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 Council Member Kurt Ostler and all in attendance were led in the pledge by Mayor Rod Mann.

Mayor Rod Mann informed the council that it was finance Director Gary LeCheminant's last day and he would be leaving the next day for California. Mayor Rod Mann thanked Finance Director Gary LeCheminant for what he had done to improve the finances of the City.

Mayor Rod Mann spoke about the CARES money. The County had received 1.1 Million in CARES funds from the federal government, and there had been debate about how it was to be distributed. Mayor Rod Mann said that the debate had been resolved last week, and the decision had been made to put 20% of the fund into a reserve for

economic recovery and the remaining 80% would be split between the counties and the cities. The cities could choose to get their entire allocation of their amount as soon as the indemnification letter had been signed that acknowledged that they would use the money in accordance with the guidelines set by the federal government. They also had the option to not take the money and send expense reports to the federal government for reimbursement. The amount allocated for Highland was about 1.3 Million, and Mayor Rod Mann advised that they take the money rather than send in reports. They had until October first to use or earmark the money for use, or the funds would be given back to the County. Mayor Rod Mann said that the indemnification letter they needed to sign should come soon and there were no specific parameters, but the money was intended to help recover costs that had been incurred by COVID-19. The fund covered PPE, salaries, and sick time, among other things and the City Attorney would be able to assist in finding ways the funds could be used. There would need to be receipts or written explanations of how the funds were used. The County was compiling a list of recommendations of how to use the funds, and an auditor had been hired for this specifically to evaluate the usage of funds.

The Council discussed what other items might qualify as valid uses for the money, such as testing the residents of the City for COVID-19 or installing cameras in the Council meeting room to facilitate Zoom meetings. Mayor Rod Mann said once they had the list of recommended uses from the County they could brainstorm further, and they would vote on how to use the money next week. It was clarified that proactive fixes such as renovating restrooms or trails in anticipation of higher usage would not be covered by the CARES money. It was meant to be retroactive aid to revenue lost by the COVID-19 crisis. Mayor Rod Mann added that 20% of the funds had been set aside for community development.

1. 2020-2021 HIGHLAND CITY BUDGET

City Council will review the budget for Fiscal Year 2020-2021. This item is for discussion and information. No actions will be made during this meeting.

City Administrator/Community Development Director Nathan Crane gave a quick overview of the agenda and discussed some of the changes made to the preliminary budget. He said there had been many updates as a result of COVID-19.

He stated the goals for the budget this year emphasized the needs of the staff, and it was a priority to make sure there would be no pay cuts. He acknowledged the negative impact that COVID-19 would continue to have on the budget for the rest of the year. His goal was to not be forced to decrease the level of service being provided to residents, although he said it would be difficult to achieve that goal due to inflation. He also wanted to maintain their fiscal health and ensure they would be ready to appropriately respond to emergencies, such as earthquakes and unforeseen maintenance costs.

City Administrator/Community Developer Nathan Crane presented a slide showing how the General Fund was allocated for discretionary and non-discretionary funds. The non-discretionary funds included things like capital improvements, contracts, and revenue earmarked for specific items. That left a remaining \$1.7 Million for discretionary funds, which was distributed among different departments such as Parks, Streets and Roads, and Administration. It also included money for City Council events. When evaluating the budget, City Administrator/Community Developer Nathan Crane said he first took money out to fulfill the City's contractual obligations and services that had to be provided and then evaluated how to best distribute what was left over.

City Administrator/Community Developer Nathan Crane gave a history of the General Fund budget and said the majority of fund increases received had gone to Public Safety. He also said they had tended to prioritize merit increases and manager benefits over the last three years, and the cost of doing business took a lot of the fund as well. They were trying not to impact the level of service and keep their reserves full. He then showed a budget history spreadsheet from the year 2008 to 2011 that showed that out of all the departments, emergency services and policy had seen the highest increase. Last year there had been a \$700,000 increase in Public Safety, which

had impacted the rest of the budget by decreasing the amount that was available to be spent elsewhere. According to City Administrator/ Community Developer Nathan Crane they normally stayed flat with limited inflation growth except for increases in salaries and operated within what was assigned by the Council. He added that they had not been very proactive in terms of maintenance to parks, trails, and open space, although they had improved the streets. He reiterated that the focus was to maintain the level of service provided to the community.

City Administrator/ Community Developer Nathan Crane recalled that the Council had commissioned an analysis of the General Fund and shared two results from their research. He showed their budget from last year and stated that there were some items that could not be funded in the current year as there was no room in the existing budget due to inflation and an increase in costs. He presented a chart to illustrate his point, including a list of the items that would not be funded. He also shared that in March, most cities had decided not to do employee increases due to COVID-19, but that now there were a number of cities planning on increases, including cities that competed with Highland for employees. Other cities intended to re-evaluate mid-year. Given the changes that had been made to the budget, City Administrator/ Community Developer Nathan Crane felt it would be worth it to consider a 2% merit increase for employees. He mentioned that there had been a time in the past when Public Safety employees had been given raises but other employees had not, and this time around he felt it would be more fair to see raises across the board. He referenced a slide that showed that impact to the General Fund for the 2% raise would come to \$61,132. The impact to the Enterprise Fund would come to \$19,076 and \$42,216 from Public Safety. City Administrator/ Community Developer Nathan Crane said there would be an option to give the raises halfway through the year, as a one-time bonus or throughout the year.

City Administrator/ Community Developer Nathan Crane then detailed some of the items that had been listed as unable to be funded. He showed their estimated costs and said that he and his staff felt that these items had been more “band-aid” solutions rather than long term fixes, and that the priority had shifted away from them to other things. The unfunded items mentioned were the replacement of the fire station driveway, Parks & OS Seasonal Hourly Increase, Parks & OS Maintenance Equipment Replacement Fund, and the replacement of old playground equipment.

City Administrator/ Community Developer Nathan Crane addressed the General Plan update, which included adding officers and Vehicle Replacement Funds.

City Administrator/ Community Developer Nathan Crane next spoke about the Lone Peak Public Safety District and said the overall assessment was down \$55,945. The overall budget with the fire department was down \$125,307. They had conducted an audit of salaries and wages and compared what was budgeted with what was actually needed and they concluded that they had too much in the budget for salaries. City Administrator/ Community Developer Nathan Crane stated that the police department was up \$8,587 and Administration was up \$8479, including dispatch fees. Discounting the dispatch fees, the Administration budget would actually be down about \$18,000. He proposed using the budget for a new ambulance, which had an estimated cost of \$265,000. He proposed they pay cash using additional revenue from salary savings coming from vacant positions.

Council Member Scott L. Smith asked for clarification about what Administration encompassed, and City Administrator/ Community Developer Nathan Crane said the allocated budget included a percentage of the salaries for employees who held administration roles in the Public Safety department, as well as miscellaneous supplies and attorney fees, and added that it was a relatively small budget compared to the budget for dispatch fees. Council Member Kurt Ostler discussed the possibility of consolidating the administrator for the fire department to the City Hall offices. City Administrator/ Community Developer Nathan Crane explained that the fire department wanted to keep the administrator at the station as she had many duties there, including acting as the receptionist when the public visited. He also restated that the dispatch fees took the majority of the budget, accounting for \$167,000 of the total \$235,000.

City Administrator/ Community Developer Nathan Crane discussed the Public Safety Fee. The Council had previously voted to use \$60,000 from reserves to subsidize Public Safety. The preliminary budget for Public Safety did not include that amount, so the budget showed a loss of about \$24,000 to \$25,000. The Council absorbed the loss of \$60,000 in revenue from the General Fund budget. They would need to take \$24,000 to \$25,000 out of General Fund Reserves in order to balance the budget, and according to City Administrator/ Community Developer Nathan Crane they were looking at a lean budget for the year.

Finance Director Gary LeCheminant stated that last year the fee for Public Safety was \$12.57 and for the current year was \$11.50, which totaled to a loss of \$60,000 in revenue. He explained that this did not mean that they had spent an additional \$60,000, only that they would make \$60,000 less than they had last year. He added that the amount came out of additional revenue. Council Member Kim Rodela wanted to know if the negative \$60,000 had factored in the new salary increases for the staff, and City Administrator/ Community Developer Nathan Crane responded that it did include the 2% staff increase.

Finance Director Gary LeCheminant listed the budget changes. He showed the General Fund Revenue for Version 10 was about 10 Million, and expenses were less than that and came to a net difference of \$739. He said Version 8 of the budget did not include the 2% salary increase and Version 10 did, so salaries were higher in Version 10 for all full-time Highland employees. To summarize the changes, Finance Director Gary LeCheminant said \$30,000 was added to salaries, \$2,300 was added to the 401k fund, and \$5,400 added to the retirement fund.

Finance Director Gary LeCheminant also said that the property tax rate was \$1.78 Million, which he anticipated would be voted on by the Council next week. This was \$31,000 higher than last year's certified rate revenue. He was unsure exactly how much would be collected in December because the collection rate might change as a result of fluctuations in the economy.

Finance Director Gary LeCheminant said Sales Tax Revenue was \$2.4 Million, and collections from May of the current year were \$30,000 higher than collections from the previous year which indicated that there was additional spending in the current year. He was waiting for June 22 to get the number for sales tax revenue, which was after the date that the budget would be approved. He added that they would not have to wait until mid-year to do budget adjustments and could do an adjustment in July or August if the collections were coming in lower than projected. For now, he had added \$30,000 to the revenue for sales tax for the Version 10 budget since they had collected \$30,000 more than what they had projected for the original budget.

Finance Director Gary LeCheminant moved on to Building Permits Revenue. He said the budget was \$280,000 and so far, that year they had already collected \$390,000. In the past they had never collected less than \$300,000 and so he and City Administrator/ Community Developer Nathan Crane had decided to increase Building Permits Revenue to \$300,000, even given the state of the economy.

Finance Director Gary LeCheminant discussed the previous year's reserves and stated in Version 8 of the budget they had used \$100,000 of prior year's fund reserves, and he had found that currently, they were down by \$24,000. He explained that the Council only had to use \$25,000 of previous year's reserves to make the budget balance. He noted it was a decrease of use of revenue from previous years and that was a positive thing.

Finance Director Gary LeCheminant referenced a slide which showed that they had decided to increase B&C Road Revenue from \$715,000 to \$750,000. Once the final payments from May and June were reported in July, another budget adjustment could be done if need be. He also noted that the garbage contract had gone from \$910,000 to \$985,000 as garbage collection fees had increased since the original estimates had been made.

Finance Director Gary LeCheminant indicated for the Council to reference page two of the budget document and look at account 10-34-50. He showed that for the current year the budget for the Public Safety Fee was \$641,000. He explained that if the Council had approved the fee to be \$12.57, the total revenue would have come

to \$701,000 and the loss that was showing was the difference between \$701,000 and the actual projected revenue of \$641,000. If the fee remained at \$11.50 there would be a deficit every year going forward.

Finance Director Gary LeCheminant also stated that they had adjusted the police salaries, which yielded an increase of \$25,000 for the police department and \$16,000 for the fire department to the budget.

Council Member Kurt Ostler asked if these figures assumed that there was no sales tax loss in April or May. Finance Director Gary LeCheminant explained they actually were projecting April, May, and June to be 75% less in sales tax, but they had increased it by \$30,000 because they had projected March to be down but it had actually come in up. Finance Director Gary LeCheminant said the overall decrease in sales tax was projected to be \$2.4 Million, which was \$130,000 less than last year. He said that he would have forecasted about \$2.6 Million for sales tax revenue but anticipated they would fall short of that now due to COVID-19.

Finance Director Gary LeCheminant went over account 10-70-38, which was Trail Maintenance in the General Fund and account 20-43-22 which was Trail Maintenance in the Open Space Fund. The budget this year was \$70,000 in the General Fund and \$65,000 in the Open Space Fund and so far in the year only \$882 had been spent from the two accounts. Since it was uncertain how and if the remainder of those budgets would be spent, at the request of City Administrator/ Community Developer Nathan Crane \$130,000 had been moved into the Capital Parks Trail Maintenance Fund, in addition to what was already in that account.

Council Member Kurt Ostler stated that the sales tax projection made by Finance Director Gary LeCheminant was a 5% reduction, but sales tax loss statewide was at 3% so the estimate was very conservative.

Finance Director Gary LeCheminant said he would address the General Fund Budget and said the only other change he had made was an adjustment to depreciation in the Enterprise Funds because he felt it was too high originally.

Council Member Scott L. Smith referenced the third page which discussed the Highland Foundation. He acknowledged that he was personally involved with the foundation and pointed out that they had donated \$25,000 in the fiscal year to the City which was reported in miscellaneous revenue. Council Member Scott L. Smith said that the Foundation had another \$60,000 that had been allocated for the Mercer Hollow Project that could be dispersed in the next year. City Administrator/ Community Developer Nathan Crane responded that he had actually met with the primary owners and was looking at bids to move forward with the project. Council Member Scott L. Smith said that there was another \$16,000 in the foundation that could be used for Mountain Ridge Park and asked if that could be moved forward. City Administrator/ Community Developer Nathan Crane said the last time Mountain Ridge Park had been discussed the decision had been made to wait until there was more money, and so they would need to revisit that conversation and get direction from the Council on what should be done next with the park.

Council Member Kurt Ostler asked if Finance Director Gary LeCheminant had a slide that showed all the different capital accounts and he responded there was not one. Council Member Kurt Ostler said to Council Member Scott L. Smith said the Foundation was not part of the city fund, and Council Member Scott L. Smith said that people had donated to the Highland Foundation for those projects and that he would like to see the funds go to the projects for which they were designated. Council Member Scott L. Smith and Council Member Kurt Ostler concurred that they should see the last year's revenue from the Foundation and how it went to the City more specifically than only including it just in miscellaneous revenue.

Council Member Kurt Ostler said there were many capital accounts and it was important for the Council to know how much money was in them and where it had come from, so that when the accounts were being discussed they had a sense of exactly what they had. Council Member Kurt Ostler said it was frustrating to not be able to see all the capital accounts as he felt there were high balances in a lot of them that the Council was unaware of.

Finance Director Gary LeCheminant listed off the amount balances in some of their capital accounts, including that there was about \$3.5 Million in the Parks capital account, and acknowledged that he should have included a page detailing all of the capital accounts.

Council Member Kim Rodela asked about Enterprise Funds. Finance Director Gary LeCheminant said that since they had gone over the Enterprise Funds in their last meeting, he had not included it in the slides, but was willing to go over it again. He said the Sewer Fund had \$4 Million in cash and \$4 Million in reserves, and reminded the Council that he had shown them that there was enough money in the account to finance all the projects planned for that year and next year.

Council Member Kurt Ostler asked what other capital accounts the City had. Finance Director Gary LeCheminant responded there were three: The Capital Parks, Capital Roads, and Capital Building funds. He said the Capital Road fund covered all major expenses of the roads and road projects outside of the ones that came out of the Road Fee Fund. Finance Director Gary LeCheminant said \$500,000 is transferred into the fund each year from the General Fund and usually about 1.5 Million is spent.

City Administrator/ Community Developer Nathan Crane explained that when the road fee was approved, the Council had committed \$500,000 to be put towards preservation and 1 Million for capital. He said because the funding sources were different, for accounting purposes they had to track the amounts going into the Fund differently.

Council Member Kurt Ostler asked which capital account park improvement projects would come out of, and City Administrator/ Community Developer Nathan Crane said it would be the prerogative of the Council, but his suggestion would be the Park capital account.

Council Member Scott L. Smith agreed with Council Member Kurt Ostler that it would be nice to have a summary of what was in the accounts and City Administrator/ Community Developer Nathan Crane said he could compile one for the Council.

Finance Director Gary LeCheminant referenced account 41-40-71 on page 23 of the budget document, which showed out of a budget of \$600,000 about \$438,000 had been spent from the Capital Roads Fund so far that year. He said this amount was in addition to what would be spent on the Road Project Fee Fund.

Council Member Kim Rodela asked how much money was in the Open Space Fund. Finance Director Gary LeCheminant responded that there was \$3.5 Million in the Parks fund, but he was not sure how much was in the Open Space fund.

Council Member Scott L. Smith said that he thought there was about \$420,000 in the Open Space Fund, and that included \$137,000 for the tennis courts and Mercer Hollow as well.

Council Member Kurt Ostler asked where Mercer Hollow was. Council Member Kurt Ostler and City Administrator/ Community Developer Nathan Crane briefly discussed some areas of Highland as Council Member Kurt Ostler said he knew of several areas called Mercer Hollow. Council Member Kurt Ostler mentioned there had been a Mr. Anderson who donated \$70,000 to the Highland Foundation to improve the ground of the side of his property. The City would complete the project with money from the Open Space Fund, but the exact amount was still to be determined. City Administrator/ Community Developer Nathan Crane said the City had agreed to spend \$20,000 on the improvement project and the original bid had come back at \$135,000, which was too high for them so he was talking to Mr. Anderson to get lower pricing. The Capital Park account also needed to fund Spring Creek, but City Administrator/ Community Developer Nathan Crane and Finance Director Gary LeCheminant were also unsure of the exact amount that would be needed for that.

Council Member Kim Rodela asked if aid for City Engineer Todd Trane had been calculated into the budget. City Administrator/ Community Developer Nathan Crane said there were no additional expenditures in the General Fund, but there were some funds from a vacant position in Enterprise Funds. Council Member Kim Rodela clarified that money could come out of Enterprise Funds. City Administrator/ Community Developer Nathan Crane said the money would come from an existing position that was currently unfilled, and so he would just need to determine where the money would come from and then would bring the issue back before the Council for approval.

Council Member Scott L. Smith clarified that with the revisions and projections for increased revenue projected by Finance Director Gary LeCheminant, they would be able to give a 2% raise across the board and only use \$25,000 out of the reserves. Finance Director Gary LeCheminant confirmed this and agreed with Council Member Scott L. Smith and that because it was a conservative estimate, they might not have to use any money out of the reserves at all.

Council Member Kim Rodela recalled that they had recently given a raise to Public Safety in the last year. She patched in FC on Zoom. FC said that they had increased benefits for police officers last year to match benefits received by the fire department and had done a salary adjustment for all employees and increased the starting wage to \$21.90 an hour. FC said he increased all salaries by \$2.50 for all employees in the Police Department to make them competitive with surrounding areas and to increase recruitment and retention.

City Administrator/ Community Developer Nathan Crane said there were no cuts made to the preliminary budget, so there would be funds for things like maintenance accounts. He said they were able to absorb the 5% reduction in sales tax. He said they were able to maintain level of service and maintain their reserves as well.

Council Member Kurt Ostler asked about line item 10-31-30, which estimated a loss of \$130,000 in sales tax revenue. Council Member Scott L. Smith asked what percentage of sales tax came from internet sales. Finance Director Gary LeCheminant said he had not calculated that amount. Council Member Scott L. Smith asked how it was determined, and if it came from a general state fund. Council Member Kurt Ostler said he had looked at large internet companies like Amazon and Wayfair to see how much sales tax was coming in and he believed the increase in sales tax they had seen had come from internet sales. Council Member Scott L. Smith added that he had spoken with UPS employees who were reporting higher volumes than normal. Council Member Kurt Ostler and Council Member Scott L. Smith briefly discussed how they had worked with the tax commission and the post office because they were concerned about leakage with online sales. They confirmed that online sales tax came out of a shared pool.

Council Member Kurt Ostler moved on to 10-33-56 and asked why class C roads were stated to be down \$40,000. Finance Director Gary LeCheminant said it was B&C road money, and revenue was decreased due to COVID-19. Fewer people were driving and so there was less gas tax to collect.

Council Member Kurt Ostler asked about line item 10-33-58 about state liquor. Finance Director Gary LeCheminant said that a percentage of the state liquor fund was turned in to the police department, who used it for increased DUI surveillance and drug busts. He added that the amount had increased because Alpine's share had been going to the county but had come to the City this year. \$16,103 had been collected that year which was more than last year's collection of \$11,467.

Council Member Kurt Ostler asked about 10-38-18, which discussed the public works inspection fee. He noted that they had skipped a year and now were back to \$25,000 and questioned why that was. City Administrator/ Community Developer Nathan Crane said when someone does a subdivision, City Administrator/ Community Developer Nathan Crane visits them for a pre-construction meeting and the developer pays a fee for

inspections. Finance Director Gary LeCheminant said that although nothing had been collected so far that year, they would collect some from the Boyer project later that year or earlier in the next year.

Council Member Kurt Ostler next addressed line item 10-38-87, sidewalk bond revenue, which had \$5000 in it. He asked where the money came from for that and Finance Director Gary LeCheminant replied that people must pay a \$1000 bond if they damage the sidewalk.

Council Member Kurt Ostler spoke about the Highland Fling, in line item 10-38-95. He said it showed an income of \$50,000 and asked what they would do for the Fling that year. Council Member Kim Rodela replied that they were planning on a short version of the Fling, which would be on July 31 – August 1st. She knew the revenue would not be \$50,000 as it had been in previous years, but that their expenses would also be lower and since they were unsure what actual revenue would be, they had left the estimate at \$50,000.

Council Member Kim Rodela asked about 10-38-40 which was Sale of Fixed Assets. Finance Director Gary LeCheminant and City Administrator/ Community Developer Nathan Crane replied it referred to property and was distinct from Open Space. There was further discussion of what properties it referred to specifically.

Council Member Kim Rodela also asked about 10-38-83 which covered facility rentals. Finance Director Gary LeCheminant said it included the fees for renting fields, pavilions, and areas in the community center. Council Member Kim Rodela replied she wanted the fees to be increased so that they covered expenses sufficiently.

Council Member Kurt Ostler moved on to Council Expenses, listed under 10-41. He said he wanted to understand all the Council Fees. He clarified that the salaries referenced were the salaries for the Council Members and the Mayor, and that their benefits included retirement. They discussed the \$25,000 allotted to membership fees to professional organizations. They mentioned Utah League of Cities and Towns (ULCT), Mountainland Association of Governments (MAG), Utah Lake Commission, and the Lone Peak Business Alliance as some of the organizations included in the organizations, they paid fees to. Council Member Kim Rodela asked if there were any unnecessary organizations in that list, to which staff indicated it was the prerogative of the City Council if they wanted to remove any. Council Member Kurt Ostler asked Mayor Rod Mann his opinion on the Lone Peak Business Alliance, and Mayor Rod Mann said they were helpful and had been accommodating. He added they would have been able to help bring in revenue for the Fling if it would have happened as planned that year. Mayor Rod Mann said the Lone Peak Business Alliance covered the cost of their fee by generating revenue for the magazine.

Council Member Kurt Ostler added that they had actually been more active during COVID-19 and mentioned they had distributed information about PPE loans.

Council Member Brittney P. Bills asked Mayor Rod Mann what the value of the Utah Lake Commission was. Mayor Rod Mann said the biggest benefit Utah Lake Commission had for the Council was that they conducted research on the lake which determined if special accommodations from the sewer district were necessary. The studies gave the Council leverage to push back if accommodations for the sewer district were made, which would then impact the sewer rates. Mayor Rod Mann said they gave a platform to stay informed on those issues.

Council Member Brittney P. Bills also inquired about Professional Services in line item 10-41-31. Finance Director Gary LeCheminant said he thought that was the allotment for IT fees. Council Member Brittney P. Bills said City Administrator/ Community Developer Nathan Crane would check. Council Member Kurt Ostler interjected to ask about \$400 that was allotted for mileage and asked what that was for. City Administrator/ Community Developer Nathan Crane said it was reimbursement if the Council drove to meetings or conferences. Council Members would have to submit an expense report to be reimbursed. They discussed some

of the conferences that they attended annually. Council Member Kim Rodela explained that if a Council Member wanted to attend a conference, they would have to email SC to register them and pay their fees.

Council Member Kurt Ostler asked Finance Director Gary LeCheminant about Miscellaneous Supplies and Expenses. He replied it covered a one-time amount of \$500 to purchase electronic equipment. Council Member Kurt Ostler also asked what Council Appropriations was for and Finance Director Gary LeCheminant replied he would have to look it up. It was noted that the funds for Council Appropriations had been spent.

Council Member Scott L. Smith added that they give money to the Historical Society and the Arts Council each year as well.

Council Member Kurt Ostler moved on to Court Expenses and asked about Administration, discussed in line item 10-43-11. Assistant City Administrator Erin Wells said it included the 2% salary increase that had been discussed and would also cover 25% of her salary that had previously come from the library.

Council Member Kim Rodela discussed the newsletter in line 10-43-27 and the possibility of taking it digital. There was \$6,000 budgeted to print the newsletter and Council Member Kim Rodela said they had talked about how to get people to move to digital. Assistant City Administrator Erin Wells replied they were doing the fee schedule the next week and that could be discussed further then. She said it was about 47 cents per household each month to print the newsletter. She said a fee could be instituted that would charge an additional \$1.00 for people who received paper copies. Mayor Rod Mann spoke up to voice concerns that the system was not set up in a way that was intuitive, and that people would not be able to easily switch from paper to digital, especially older demographics. Council Member Scott L. Smith said he typically does not read things that come in emails because of how inundated he was with emails already, but when he receives things in the mail, he tended to read them more thoroughly. Council Member Kurt Ostler mentioned that a survey had been conducted to see how much mail was sent back. Mayor Rod Mann said 40% of electronic correspondence and 60% of paper was sent back to the City. They voiced surprise that electronic was so low since everyone was home due to COVID-19. City Administrator/ Community Developer Nathan Crane said they would need to upgrade their online systems so that a user could set up an account to pay online. He said once it was an easy process for the user to pay bills online, and a smooth transition to change the system, then they could offer people the option to opt-out of electronic.

Assistant City Administrator Erin Wells circled back to the discussion about what was covered under Miscellaneous Supplies and Expenses. She said it included funds to send flowers to staff when their family members passed away. It also covered food for special meetings, name plates for Council Members, Christmas parties, and the \$500 technology equipment fee that Council Members received every four years.

Assistant City Administrator Erin Wells also overviewed line item 10-41-62. She said it encompassed special projects and was a “catch all” fund. She said it influenced the fees to have pictures taken when Council Members were sworn in, and other small projects throughout the year.

Finance Director Gary LeCheminant asked Assistant City Administrator Erin Wells about 10-41-31. She listed some of the things paid for by that fund, which included the Donor Program, an electronic voting subscription, HR training expenses, and fees for outside legal counsel.

Council Member Kurt Ostler asked Finance Director Gary LeCheminant if 10-43-28 referred to phone lines. Finance Director Gary LeCheminant said they were telephone charges for landlines. Council Member Kurt Ostler asked if it was a lease and Assistant City Administrator Erin Wells said that they paid month to month. She explained that they were mandated to have a few hardlines in their buildings, but most lines were VOIP. She added they switched providers about a year ago to CentraCom and she liked their service better and the cost was about the same.

Council Member Kurt Ostler asked about the Safety Committee discussed in line item 10-43-39, which had \$5600 in it. GLG said there was a safety program where the Public Works department was divided into three teams of five people and they were rewarded with a \$20 gift card if they went a month without an accident. It allowed them to satisfy requirements from the Utah Local Governments Trust which gave them a 5% discount on their liability insurance. Finance Director Gary LeCheminant also listed some items bought with the fund, such as safety vests, fire extinguishers, and handheld devices.

Council Member Kurt Ostler said there were a lot of charges for internal IT expenses. He asked why IT was spread out throughout the accounts, and specifically asked about 10-43-82. Finance Director Gary LeCheminant said it had to do with cost allocation and was divided by departments. GLG said it was the first year they were allocating the money in that way.

Council Member Scott L. Smith then asked how 10-43-82 was different from 10-43-38. Assistant City Administrator Erin Wells said that 10-43-38 was a set amount that was spent on an IT service each month, and that 10-43-82 was money set aside for new technology equipment. City Administrator/ Community Developer Nathan Crane elaborated that the last time they had upgraded their computers, it had been very expensive to do all at once so they were now trying to rotate the upgrade schedule for the computers to save money over time.

Council Member Kim Rodela asked what the Car Allowance discussed in 10-43-11 referred to. City Administrator/ Community Developer Nathan Crane said instead of providing fleet cars, there were some employees who got a car allowance to perform City business.

Council Member Kurt Ostler questioned Attorney fees and why it was being increased by \$15,000. City Administrator/ Community Developer Nathan Crane said the increase was because the Council had spent a lot of money on attorneys. He said there was an increase in hourly wage and in the amount that the Council was using the attorney. City Administrator/ Community Developer Nathan Crane said in the past they had kept the attorney separate from the Council, but the Council has wanted the attorney to be at the City Council Meetings. City Administrator/ Community Developer Nathan Crane said he and Mayor Rod Mann met with the attorney once a week. Mayor Rod Mann spoke to say that the price for the attorney was worth it to avoid the risk of the Council having any kind of legal trouble. He added that the cost of not using one would be more expensive in the long run. City Administrator/ Community Developer Nathan Crane said they had set aside \$50,000 for the current budget year, at 433 hours of \$125 an hour. To increase to a rate of \$150 an hour for the same number of hours it would come to \$60,000 and then they had added an additional \$5,000 to that amount to anticipate the extra workload. Council Member Scott L. Smith commented that the total \$65,000 was still less than what they had paid over previous years.

When asked if cell phone reimbursement in 10-47-29 was for all employees, Finance Director Gary LeCheminant said it depended on the employee, and that they actually bought phones for some employees in Public Works. He said department heads and Corrine received a full reimbursement of \$90 a month. Assistant City Administrator Erin Wells said some people received a partial reimbursement depending on the duties of the job and how often they would have to be called.

Council Member Kurt Ostler asked about 10-60-31. He said about \$200,000 from that quarter's percent sales tax had been designated for trail maintenance. He noted that currently, they were working on transportation trails only and said about 36% of trails in the City were not classified as transportation and wanted to know some of the \$200,000 from sales tax could be moved into 10-60-31. GLG replied he was not sure. Council Member Kurt Ostler asked if the \$200,000 from sales tax revenue was going towards trail maintenance in different funds. GLG said they had divided the amount to allocate \$50,000 for the Open Space Fund, \$50,000 for Trails in the General Fund, and \$100,000 in the Major Road Fund.

Council Member Kurt Ostler brought up that 10-60-37 for sidewalk repair. He explained he was concerned since the trails had to be classified as transportation and so he was trying to find another transportation fund to move money out of. City Engineer Todd Trane explained that 10-60-31 was a B&C road fund, and they were encumbered funds which meant the money in it had to be used for its designated purpose and could not be moved. Finance Director Gary LeCheminant said 10-60-37 was also B&C and so money there had to be used for things like sidewalk repair, snow removal, and crossing guard maintenance.

City Engineer Todd Trane agreed with Finance Director Gary LeCheminant and explained that some of the items had to be paid for with B&C money. Council Member Kurt Ostler asked what the \$100,000 coming from sales tax could be spent for, and if there was a risk that the funds would not be spent. City Engineer Todd Trane said they were hoping to use the \$100,000 to begin working on curb, gutter, and sidewalk projects instead of only focusing on asphalt. City Administrator/ Community Developer Nathan Crane said the funds had restrictions on them. City Engineer Todd Trane added that for that year, the only maintenance they had done on the trails was surface treatments and that next year they could focus on more extensive projects and rebuilding.

Council Member Kurt Ostler commented it was similar to how they had gone about renovating their roads. City Engineer Todd Trane said that over the next two to three years they would spend the \$100,000 on their trails. Council Member Kurt Ostler asked again about how the 36% of non-transportation trails in the City would be maintained. City Administrator/ Community Developer Nathan Crane said there was a budget specifically for non-transportation trails. Council Member Kurt Ostler said they could use money from the fund to build a sidewalk in Mountain Ridge Park. Finance Director Gary LeCheminant said for the B&C funds, if there were any encumbered funds left over they would roll over into the next year, but if the funds were spent then they would have to prove the money was spent on qualifying expenditures.

Council Member Kurt Ostler moved on to 10-70-31 which discussed Parks Contracts. He asked if that was the money for installing medians. City Administrator/ Community Developer Nathan Crane said no, it was from when the City had hired M&D Property management sometime before 2010. Council Member Kurt Ostler asked why the amount had increased and City Administrator/ Community Developer Nathan Crane said it was to build a median, but if they ended up having the staff to do that work internally then they would avoid spending the money.

Council Member Kurt Ostler asked what 1-70-75 was for and Finance Director Gary LeCheminant said it was for a truck they had bought.

Council Member Kim Rodela asked if there was a schedule for Highland Glen Park Improvement in item 10-70-44. Council Member Kim Rodela said there should be more dumpsters and trash receptacles in the park and wanted to know what the timeline for improvements was. City Engineer Todd Trane said they had built a wall along the east side of the park two years ago and last year had added more parking. He discussed how he planned to use the \$15,000 to take parking further south and build a culvert over the summer. City Engineer Todd Trane said it was his understanding that there was money set aside that had to be used specifically at Highland Glen Park. Council Member Scott L. Smith said that before they had been spending about \$30,000 a year to fix the park even before City Engineer Todd Trane was on the Council and asked if park impact fees could be used to maintain the park. City Administrator/ Community Developer Nathan Crane replied that park impact fees were earmarked for new investments, so hypothetically if they did something like turn Mountain Bike Park into a grass park the money could go for that. Council Member Scott L. Smith asked if Mountain Ridge Park could be built up with impact fees and then the remaining amount could go towards Highland Glen. He said it seemed like the park that would be used the most was Highland Glen, yet there was no money going towards it. City Administrator/ Community Developer Nathan Crane said Council Member Scott L. Smith raised a good point, and there was a short discussion about how park impact fees were distributed.

They also discussed the bond payments that had been used to pay for the parks. Council Member Kurt Ostler asked if they would have enough money from only the park impact fees to pay off the bonds, and Finance Director Gary LeCheminant said they also had to pull money out of the General Fund as well to pay off the bonds. City Administrator/ Community Developer Nathan Crane said they primarily used the park impact fees to buy the properties. Council Member Scott L. Smith said he anticipated that the usage of Highland Glen would increase once the neighboring sub development was built.

Council Member Kurt Ostler asked if there were any questions about the Arts Council Fund covered in 10-72-59 and summarized what the fund was used for.

Finance Director Gary LeCheminant explained that the Debt Service in 10-90-90 was money from the General Fund that was transferred to the Capital Roads fund. 10-90-91 was money transferred from the General Fund to the Debt Service for bond payments, specifically the park bond and the PI bond. He said that the more impact fees collected, the less money would have to be taken of the General Fund.

Finance Director Gary LeCheminant also said that fees did not cover everything in the 10-90-96 Open Space Fund and there was also money that came out of the General Fund for the Open Space Fund.

Council Member Kim Rodela asked about 10-90-98 Transfer to Cemetery Perpetual Fund and Finance Director Gary LeCheminant explained that it had been agreed that the General Fund would cover 10% of operating expenses for the cemetery, which was estimated to be about \$12,000. However, the money would be transferred back to the General Fund because the cemetery owed money back for its original construction. Assistant City Administrator Erin Wells said the remaining amount would be paid off in about six years and once it was, the transfer back to the Fund would stop.

Council Member Kurt Ostler asked if 20-34-10 was specifically from open space sales. Finance Director Gary LeCheminant said yes, it was for people who were making payments on properties. He said the money coming from these sales could be used had no restriction and the Council could use it at their discretion. Mayor Rod Mann added that previous Councils had earmarked it for the Open Space Fund, but the Council could vote to change that. Council Member Kim Rodela asked how many people were making payments and for how long they could do it for. Finance Director Gary LeCheminant said there were many people and they had budgeted about \$20,000 for the next year. Assistant City Administrator Erin Wells said there were about five people and it was no interest, but they could choose to charge interest if they wanted. Mayor Rod Mann recommended not to charge interest.

Council Member Kurt Ostler noted that in 20-43-14 Seasonal Employees had \$90,000 budgeted which was a significant increase from last year. Finance Director Gary LeCheminant said the salaries of some of the workers were higher than he had calculated for last year. City Engineer Todd Trane added that here was also a policy to give a slight increase to workers who returned as they were more valuable to the City. He said it was the best year so far to get seasonal workers, and currently they were fully staffed which also meant more had to be budgeted. Council Member Kurt Ostler asked why they had budgeted \$90,000 for next year when they had already spent more than that in the current year. City Engineer Todd Trane said the projection was based on trends and was pragmatic based on what he knew they would be able to get. Council Member Kurt Ostler asked for feedback from the Council, and Council Member Scott L. Smith and Council Member Kim Rodela agreed it should be increased. Council Member Kim Rodela added that she had advertised in her neighborhood but did not get a good response because people could make more at a Wendy's. City Administrator/ Community Developer Nathan Crane said they start their employees at \$11 an hour and they had been unable to have that increased in the past. Finance Director Gary LeCheminant any increases in revenue had gone to Public Safety, and the focus in the past had not been on increasing salaries. Council Member Brittney P. Bills also voiced agreement that they should increase the amount for seasonal workers.

Council Member Brittney P. Bills brought up the General Fund study that was done in the last fall and asked what the purpose of it was, and how it would be used. Council Member Kim Rodela said the purpose was to show the Council that they had to reevaluate how they used their budget and their revenue sources. Council Member Brittney P. Bills agreed and said the high priority items in the study came under the jurisdiction of City Engineer Todd Trane.

Council Member Kurt Ostler asked Finance Director Gary LeCheminant what the study recommended them to do. Finance Director Gary LeCheminant said that property taxes should be raised to cover costs, either by 13% for four years or by 22% every other year beginning in 2022. Council Member Brittney P. Bills again voiced her opinion that since the study was so expensive, they should take it into higher consideration as they planned the budget.

Council Member Kurt Ostler asked if the Boyer project was factored into the study and City Engineer Todd Trane said they had. City Engineer Todd Trane elaborated that once the Boyer project came to fruition, they had not considered that they would need more equipment like snowplows or additional staff as the City grew bigger. Council Member Kurt Ostler said they needed to do more long-term planning as the size of the City increased, but that because of COVID-19 they were forced to make short-term decisions. He added that he had spoken with several developers and he felt there were many people who were now buying property. There was further conversation about the growth of the City and how the growth had increased costs. City Engineer Todd Trane said it was a problem that they never raised the budget to account for the growth of the City.

Council Member Kim Rodela pointed out that the departments had compiled a list of wants in the past, but that the items on the list had not been possible to pay for without increasing their revenue growth. City Engineer Todd Trane said the staff was reactive, but not proactive because they did not have the money to be proactive. He added that they needed to save for new equipment and said that they had lost a Grasshopper that year that now needed to be replaced. In his opinion they should have reserves get replacements that rather than constantly doing repairs.

Council Member Scott L. Smith discussed 20-43-21 Fertilizer and Weed killer which had \$60,000 allocated. Finance Director Gary LeCheminant said so far, they had only spent about \$25,000 of the budgeted amount. City Engineer Todd Trane explained that the weed killer was bought in May and June, so when Finance Director Gary LeCheminant had created the budget the fertilizer had not been bought yet and the exact amount to be spent was uncertain. The forecasted budget was based off of previous years and the amount had fluctuated between \$35,000 and \$60,000 in the past.

Council Member Kurt Ostler asked about Credit Card Fees in line item 20-43-45. Finance Director Gary LeCheminant explained that when bills were mailed out, there was a percentage charged to process the credit cards that people used to pay the bill. Council Member Kurt Ostler asked how much was earmarked for the expense and Finance Director Gary LeCheminant said it came to about \$20,000. Council Member Kurt Ostler proposed that they could charge a fee for credit cards and give people an option to pay with debit instead. Council Member Kim Rodela asked what the processing rate was and Finance Director Gary LeCheminant replied he was uncertain, but stated that there were only about 400 people who had authorized the City to debit their accounts rather than do Xpress Bill Pay online or send checks. Council Member Kurt Ostler and Finance Director Gary LeCheminant discussed the logistics of charging people a credit card fee.

Council Member Kurt Ostler highlighted 20-32-01 Cemetery Lot Sales and asked how many lots were left to sell. Assistant City Administrator Erin Wells replied they had about three fourths of the lots left to sell, and there was a section of the cemetery that was still unplotted. Council Member Scott L. Smith asked how much the lots sold for and Recorder Stephannie Cottle replied it was \$1,076 for residents and \$1,502 for non-residents, and these amounts would be gradually increased starting in June. Council Member Kurt Ostler, Council Member Scott L. Smith and Assistant City Administrator Erin Wells and Recorder Stephannie Cottle had a brief

conversation about buying lots and then selling them back to the City. Council Member Kurt Ostler asked Finance Director Gary LeCheminant if he forecasted the revenue for the cemetery and if it would be okay in the coming years. Finance Director Gary LeCheminant replied that forecasting was a guess but that he had projected gaining revenue from the cemetery. Assistant City Administrator Erin Wells added the purpose of the Cemetery Perpetual Care Fund was to ensure the cemetery would be financially secure once the lots were sold.

Council Member Kurt Ostler moved on to line item 22-32-11, which discussed the Non-Residents card for the library. Library Director Donna Cardon noted that it was \$70 for a non-resident card, and that after changing the rate they had actually seen an increase in sales. Council Member Kurt Ostler asked how that compared to nearby cities and Library Director Donna Cardona replied it was on the lower end. Library Director Donna Cardon said they did have a smaller collection than other libraries, so they had set a lower rate. Council Member Kurt Ostler asked why her grant revenue was lower than last year. Library Director Donna Cardon replied that she had asked for a larger grant than normal last year in order to install self-checkout stands, but that currently she did not have a project of a similar scale upcoming. Council Member Scott L. Smith asked how much she would get from the state library, and Library Director Donna Cardon said she was anticipating a special COVID-19 grant for \$16,000 and the regular annual grant for about \$4,800. Library Director Donna Cardon said she had not submitted the COVID-19 grant number and so it was not factored into the budget.

Council Member Kurt Ostler also asked Library Director Donna Cardon why there was an increase for the part time employees when the hours of operation had decreased. Library Director Donna Cardon replied that when she had started her position, she had implemented an across the board raise. She said the wages for the librarians were generally low and the highest paid employee was paid \$17 an hour. Finance Director Gary LeCheminant said the library is only charged for their property insurance and was not charged for rent and utilities. Council Member Scott L. Smith pointed out they had \$40,000 less in expenses than previous years. Library Director Donna Cardon replied that the budget seemed lower because they no longer had to pay for their overhead costs, so although the number seemed significantly different their operating budget was actually about the same as it had been before.

Council Member Kurt Ostler asked to review 30-30-90, 91, and 92. Finance Director Gary LeCheminant explained that 30-90-90 was the Transfer from Capital Building Project, and referred to the impact fees collected from the Capital Building Fund that were used to pay off their bond payments. Finance Director Gary LeCheminant said they got about \$60-70,000 a year from Public Safety impact fees, and about a third of that amount was transferred over for bond payments so that the entirety of that cost did not have to be taken out of the General Fund. Council Member Kurt Ostler then clarified that 30-90-92 was the impact fees that came from the parks and Finance Director Gary LeCheminant confirmed. Council Member Kurt Ostler asked why Finance Director Gary LeCheminant had forecasted less for 30-90-92 for that year and Finance Director Gary LeCheminant said the number he had come up with was based off of 40 building permits, whereas last year there had been 60. He added that there would likely be more building permits once the Boyer project was underway. City Administrator/ Community Developer Nathan Crane said that the Boyer project had been delayed but people would probably start building by the end of that year or next spring.

Council Member Kurt Ostler asked what the \$1.5 Million designated in 40-40-78 Mountain Ridge Park was for. Finance Director Gary LeCheminant said it was his estimate of what would be spent on the park that year but that it had not actually happened. Council Member Kurt Ostler asked if the fund for Spring Creek was taken out of that amount and Finance Director Gary LeCheminant said no. Council Member Kurt Ostler then asked where the \$37,000 for Spring Creek was reserved from then and City Administrator/ Community Developer Nathan Crane elaborated that for Spring Creek they were getting money from the developer. Council Member Kim Rodela then clarified that the money that was not spent just went back into the Capital Fund. Council Member Scott L. Smith then asked about 40-40-73 which discussed Spring Creek and City Administrator/ Community Developer Nathan Crane said the amount was a dollar-for-dollar expenditure and that it would be around mid-June when the park would be completed.

Council Member Kurt Ostler brought up 41-40-71, Major Road Maintenance, and Finance Director Gary LeCheminant said it was B&C road money that went into that account.

Council Member Kurt Ostler next asked about 42-40-67, Parks Maintenance Building. Finance Director Gary LeCheminant said they had planned on constructing a new Parks Maintenance building and had budgeted \$300,000 for it, but the bid had come back at \$1 Million. The costs were the design costs for the building, but it was uncertain if it would actually be constructed. Council Member Scott L. Smith said the money would stay in the Capital Account until they found a way to use it. City Administrator/ Community Developer Nathan Crane said they were planning on building a shed to the east of the Public Works building. City Engineer Todd Trane said he wanted to build a new Park Maintenance building but they could not afford the bid, but the problem was that they had two homes that stored Parks equipment on Canal Boulevard that were going to be demolished in the next week. They had moved the Parks equipment into a Smith home in Utah County temporarily. City Engineer Todd Trane said they had been considering different short-term options for storage until they could get a building. Finance Director Gary LeCheminant said he had transferred \$300,000 into the 42-40-67 from the town center fees, so the fund balance was up by \$300,000. Council Member Scott L. Smith asked why they could not use the money from the park maintenance fees. City Engineer Todd Trane said this would be a temporary fix and ultimately, they needed to have a parks maintenance building, and that the space they currently had was not enough to contain their snowplow fleet. City Engineer Todd Trane said there had been backlash from residents about constructing a steel building, but when they had considered other building materials the bid was still too high. Council Member Kurt Ostler asked if both homes had to be taken down and City Engineer Todd Trane said both homes had problems and needed to come down. City Engineer Todd Trane said one of the biggest issues with Public Works was that they did not have enough space to store all of their equipment and he needed another location for Parks. Council Member Kurt Ostler asked if they could use a storage unit to hold equipment in the off season, and City Engineer Todd Trane said that some of their larger machinery would not fit in a storage unit. Council Member Scott L. Smith asked if the park impact fees could be used to construct a new Park Maintenance building, and City Administrator/ Community Developer Nathan Crane explained it could not because it counted as a maintenance cost and not capital, and technically the building was not a park even though it was inside one. They discussed if there was an area farther away from residential homes that could be used, and City Engineer Todd Trane said that he had done site visits for about 5 or 6 locations but everyone nearby had been opposed to having the building in their area.

Council Member Kurt Ostler asked if there was a Northwest Annexation fund. Finance Director Gary LeCheminant said there was one but there was no money in it and the fund had been dormant for a while. Council Member Kim Rodela asked what part of town the Northwest area referred to and City Administrator/ Community Developer Nathan Crane said it included Beacon Hills and Highland Hills. Council Member Kurt Ostler said a fund had been set up for impact, and asked City Administrator/ Community Developer Nathan Crane if he had been in office when the park was set up. City Administrator/ Community Developer Nathan Crane said he had been and would explain further where the money had come from to Council Member Kurt Ostler.

Council Member Kurt Ostler asked why there was a different fund for City Center impact fees. City Administrator/ Community Developer Nathan Crane explained it was a City Center Infrastructure Reimbursement fee. When the City was built, they had asked developers to help contribute to the infrastructure of the City. As developers built, the money was returned to them gradually. Council Member Kurt Ostler asked if there was a fund set up for that and Finance Director Gary LeCheminant said there was, and he had transferred \$300,000 into it. City Administrator/ Community Developer Nathan Crane said they needed to make a payment to an area that Blackstone was developing because they owed a payment to the previous owner.

Council Member Kurt Ostler asked where the interest income in line item 44-36-10 came from. Finance Director Gary LeCheminant said all the interest in the PTIF fund of \$20 Million was allocated to each fund depending on how much cash they had in their accounts.

Council Member Kurt Ostler agreed with Council Member Scott L. Smith and said he also thought that revenue and expenses should be on the same page. Council Member Kurt Ostler and Council Member Scott L. Smith discussed the layout of the pages further. Council Member Kim Rodela pointed out that there were some accounts that had no revenue. City Administrator/ Community Developer Nathan Crane said Finance Director Gary LeCheminant spent a lot of time on the budget sheets already and to arrange the data in the way Council Member Kurt Ostler suggested would take more time.

Council Member Kim Rodela asked City Administrator/ Community Developer Nathan Crane if there would be increases or adjustments to salaries. She asked if there had been a salary range report done to determine if their salaries were on par with other cities. City Administrator/ Community Developer Nathan Crane replied that they had thought about hiring someone to do that report from the outside but the chiefs in Public Works had wanted to do their own internal report. City Administrator/ Community Developer Nathan Crane for City staff, the last compensation study had been done in 2017. He said they had hired someone externally named Mike Swallow. City Administrator/ Community Developer Nathan Crane said they paid him a yearly fee to see the data from other cities to use as a point of comparison. He said when they had hired Mike Swallow they had started from scratch and evaluated job descriptions. When positions become open, they do an analysis to make sure the salary for the position is still in range.

Assistant City Administrator Erin Wells named some of the cities that the chiefs had compared with Highland and said that the list of cities was fairly expansive. She said they evaluated salaries and benefits. Council Member Brittney P. Bills asked the chiefs how they determined the size of the staff that they would need.

Police Chief Brian Gwilliam said they evaluated the overall compensation packages of neighboring cities, and considered benefits such as 401k, tuition reimbursement, or distributing take-home vehicles. He referenced his report, which showed that Lehi and some other cities did not have a tier two contribution although they had it in their budget to do so. He said the \$21.90 an hour was the average at the time they conducted the study, although during the time they were doing research other cities were also doing wage increases, so although it appears the department is on the higher end of the wage scale in the report, other cities had increased their wages since the study was completed.

Police Chief Brian Gwilliam addressed the question Council Member Brittney P. Bills had posed about how to determine what the size of the police force should be. Five years ago, he had attended a symposium to discuss that topic and said the determination was based on many factors, including anything from cost allocation to police-citizen ratios. He said an old standard was to have one police officer for every 1,000 citizens, and now it was based on workload and call volume. He explained a 60/60 rule, which stipulated that 60% of the workforce should be dedicated to patrolling, and not more than 60% of their time should be set aside for their workload so that at least 40% of their time they would be able to respond to calls for service. He said when they had conducted the study, they had found the officers were busy over 60% of the time so they had added another officer to decrease the percentage. As the City grew in population, the percentage of time that officers were unable to respond to calls was increasing again so it would probably be time to hire another officer soon.

Police Chief Reed Thompson said that the old standard of one officer per thousand residents was used for the fire department as well, but that it was overly simplistic and did not account for other factors that would impact the amount of staff needed. He said they had considered a three-pronged approach when they evaluated their staff size, and he then discussed how they used regulatory compliance for OSHA as guidelines. He added that there was a rating system and an audit done each year from ISO that determined how many firefighters were needed to put out a fire sufficiently. He said the audit for that year had determined that 15 firefighters would be needed to put out a fire, in a 2,000 square foot home, and that as they only had five firefighters at the Highland station and the Alpine station they relied on firefighters from neighboring cities. He said staff was crossed trained on medical aid, as the majority of their calls had a medical demand. They staffed five full-time employees and three part-

time employees, and the compensation package for full time employees was much more comprehensive than for part time employees, who only received an hourly wage. Police Chief Reed Thompson said he would welcome a comprehensive study that evaluated their compensation and he felt they were on the low end compared to other cities along the Wasatch front. He said they should be compared to similar size cities, such as Provo, Saratoga Springs, or Sandy. He said Salt Lake City would pay higher than anyone else so they should be excluded from the comparison. He also said they were fully staffed at the moment.

Council Member Scott L. Smith asked if a compensation study had been conducted for the rest of the City staff. He thought doing a study for the rest of the staff was a great idea and that he liked the idea of a 2% raise for all the staff.

Council Member Kim Rodela liked that they had gotten data from an outside source and thought it would be a good idea to have Mike Swallow return to conduct a new study every five years to make sure information was current. She said Public Safety should be treated the same way as the rest of the staff, and have an outside source evaluate how they were compensated. She said it would be wise to have the data collected by an external source, and then they could determine how to adjust wages internally once the data had been compiled. She also said that she liked the idea of the 2% increase but wanted to focus first on employees who were significantly below and ensuring that they were compensated fairly before giving a raise across the board. City Administrator/ Community Developer Nathan Crane said everyone met their minimums. Assistant City Administrator Erin Wells said they had needed to raise starting salaries occasionally.

Council Member Brittney P. Bills asked where in the budget things like Victor View, boilers, and air conditioning were accounted for. Finance Director Gary LeCheminant said there was about \$70,000 in the Building Maintenance Fund that went towards air conditioning and boilers. For unforeseen expenses, it had to come out of reserves. There was money in the Sewer Fund allocated for Victor View. Council Member Brittney P. Bills said she was concerned that there was not enough money for them to take large amounts out of the reserves. City Administrator/ Community Developer Nathan Crane said the reserves were set aside for one-time expenses and they were conservative in their budgets so that they were able to absorb unexpected expenditures.

City Administrator/ Community Developer Nathan Crane reminded them that the Council had told them to do \$60,000 for the and there would have been an extra \$35,000 if it had been higher. They segued into a conversation about the unemployment rate and the uncertainty of the economy, and Council Member Kurt Ostler said they needed to be conservative with the budget as the increasing unemployment rate would impact how much revenue they were able to generate.

Council Member Scott L. Smith said that although it was important to be conservative with the budget, he felt that they would be able to afford the 2% increase. He pointed out that they had lost some good employees recently, and it was important that they treated their employees fairly to avoid high staff turnover.

Council Member Kim Rodela agreed with both Council Member Scott L. Smith and Council Member Kurt Ostler and said there was a lot of uncertainty during this time. She said there should be a 2% increase, but that they should evaluate in the second quarter. Mayor Rod Mann said they should do budget reviews on a different schedule than normal, and expected to see budget reviews in September as soon as they saw the numbers began to come in. Council Member Kim Rodela said that would give Assistant City Administrator Erin Wells time to take in the numbers from the study Mike Swallow did to determine if salaries were below the average. Council Member Scott L. Smith clarified that these were merit raises and that the timing of the raise was dependent on the date they were hired. Assistant City Administrator Erin Wells said they can retroactively apply raises to the anniversary of an employee's start date if the Council voted on the 2% raise in September. Council Member Kim Rodela said they should use an external source to determine wages for Public Safety before giving out raises. Council Member Kurt Ostler agreed and added that waiting on distributing raises gave them some

flexibility if there were significant changes to their revenue that would hinder their ability to allocate money for raises.

Council Member Kim Rodela and Council Member Scott L. Smith said they needed to show that they appreciate the staff and decrease turnover.

Assistant City Administrator Erin Wells clarified that it would still have to be budgeted so that they would not have to adjust later. She said that they would hold the money but would wait on the Council's decision to apply the raises. Council Member Scott L. Smith clarified that it would be put in the budget, but they would wait to see what happened in the economy in terms of COVID-19 before actually giving out raises.

Council Member Kurt Ostler thanked Finance Director Gary LeCheminant for his work and the Council expressed their appreciation for his analysis and said that they would miss him once he left.

ADJOURNMENT

Council Member Scott L. Smith MOVED to adjourn the work session and Council Member Kim Rodela SECONDED the motion. All voted in favor and the motion passed unanimously.

The meeting adjourned at 10:25 pm.

I, Stephannie Cottle, City Recorder of Highland City, hereby certify that the foregoing minutes represent a true, accurate and complete record of the meeting held on June 9, 2020. This document constitutes the official minutes for the Highland City Council Work Session.



Stephannie Cottle
City Recorder

Welcome to the Highland
City Council Meeting

June 9, 2020



7:00 PM WORK SESSION

Call to Order – Mayor Rod Mann
Invocation – Mayor Rod Mann



**HIGHLAND CITY TENTATIVE BUDGET
FISCAL YEAR 2020-2021
BUDGET WORKSHOP**

Presented by Gary LeCheminant, Finance Director

Agenda

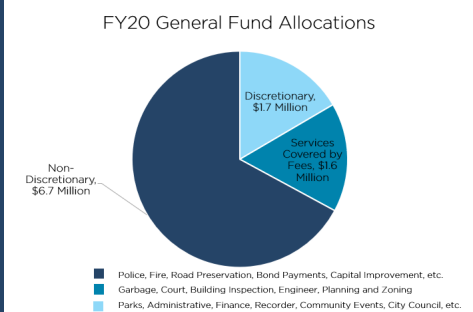
- Overview
- Changes since the preliminary budget

Budget Goals – FY20/21

- Service Organization: People are the Priority
 - We are only as good as the people that work here
- COVID 19
 - Realistic review of revenue and expenditures
 - Appropriate use of reserves
- Not decrease level of service
- Public Safety Fee Deficit
- Fiscal Health – respond to emergencies

General Fund Allocations

FY20 General Fund Allocations



Category	Amount
Non-Discretionary	\$6.7 Million
Discretionary	\$1.7 Million
Services Covered by Fees	\$1.6 Million

General Fund Budget History

- Fund Public Safety Increases
- People are the Priority
 - Merit Increases
 - Manage Benefit Increases
- Try not to limit impact level of service
- Build Reserves and Use Appropriately
 - 3 months of operating cash
 - Snow plow trucks
 - Building Maintenance

Budget History

Table 2.2: Merit: Employees

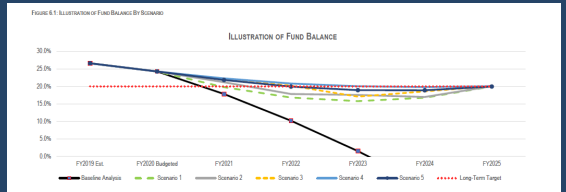
	2011	2012	2013	2014	2015	2016	2017	2018	AVGR
Council	\$75,644	\$41,189	\$49,025	\$72,339	\$68,050	\$59,037	\$62,085	\$109,076	3.3%
Court	\$25,777	\$27,620	\$27,107	\$28,843	\$29,334	\$29,843	\$34,534	\$27,420	-1.4%
Administration	\$385,285	\$264,601	\$299,290	\$417,588	\$390,818	\$412,381	\$415,923	\$519,877	4.1%
Auditor	\$10,500	\$5,767	\$6,122	\$5,567	\$9,500	\$9,500	\$11,000	\$11,300	1.0%
Finance	\$155,296	\$91,171	\$112,644	\$207,066	\$142,457	\$158,079	\$195,842	\$158,809	0.0%
Fire/Armed	\$91,846	\$106,246	\$91,340	\$101,867	\$119,789	\$117,754	\$130,832	\$144,589	0.7%
Treasurer	\$66,796	\$62,778	\$38,910	\$66,947	\$48,287	\$34,632	\$41,110	\$47,149	-4.9%
Attorney	\$24,202	\$30,912	\$25,213	\$36,968	\$40,440	\$35,200	\$34,175	\$47,141	15.7%
Library	\$229,932	\$28,651	\$223,070	\$243,825	\$240,013	\$163,793	\$227,363	\$389,040	7.8%
Animal Authority	\$0	\$1,243	\$1,685	\$1,367	\$0	\$1,568	\$1,250	\$0	NA
Planning	\$192,627	\$179,389	\$182,888	\$174,296	\$177,307	\$84,648	\$73,176	\$51,864	-16.0%
Police	\$1,446,534	\$1,542,547	\$1,693,353	\$1,610,478	\$1,778,687	\$1,860,812	\$1,925,948	\$1,951,206	4.4%
Emergency Services	\$750,363	\$1,047,718	\$1,072,385	\$1,133,950	\$1,265,186	\$1,288,250	\$1,366,639	\$1,254,648	7.5%
Building Inspection	\$142,741	\$147,030	\$154,342	\$170,040	\$195,955	\$214,228	\$202,304	\$185,455	3.8%
Streets & Parks	\$556,223	\$549,258	\$588,153	\$661,161	\$571,944	\$713,157	\$805,333	\$1,011,162	5.9%
Engineer	\$42,781	\$23,871	\$27,645	\$61,463	\$39,501	\$39,643	\$34,011	\$59,326	26.0%
Parks & Rec	\$317,887	\$273,231	\$311,203	\$432,305	\$352,565	\$487,649	\$510,251	\$457,716	5.3%
Community	\$176,343	\$136,265	\$66,485	\$79,670	\$70,780	\$62,457	\$79,940	\$0	-100.0%
Community Events	\$195,029	\$13,965	\$87,499	\$79,687	\$142,180	\$196,295	\$118,022	\$184,178	5.8%
Garbage	\$524,130	\$539,253	\$562,828	\$609,882	\$667,107	\$685,542	\$696,255	\$763,619	5.5%
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	NA
Transfers	\$1,204,600	\$1,245,864	\$1,197,379	\$1,235,000	\$741,516	\$1,084,227	\$1,375,624	\$1,479,368	2.4%
Total General Fund	\$6,748,546	\$6,884,923	\$6,993,826	\$7,787,613	\$7,538,439	\$6,488,338	\$6,915,242	\$8,113,822	4.4%
Excluding Library & Century	\$6,342,971	\$6,538,098	\$6,663,462	\$7,379,116	\$7,219,632	\$6,672,888	\$6,587,718	\$8,723,973	4.7%

*Last FY had a 701K increase in Public Safety

Future Sustainability

Table 6.1: Property Tax Revenue and Property Tax Revenue on Scenario

Annual Revenue Growth Assumptions	FY2011	FY2018	FY2021	FY2022	FY2023	FY2024	FY2025
Baseline Scenario - No New Taxes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
New Property Tax Revenue (Scenario 1) - Funding Inflation, New O&M & Capital	0.00%	0.00%	12.89%	12.89%	12.89%	12.89%	12.89%
New Property Tax Revenue (Scenario 2) - Funding Inflation, New O&M & Capital	0.00%	0.00%	22.74%	0.00%	22.74%	0.00%	22.74%
New Property Tax Revenue (Scenario 3) - Funding Inflation, New O&M & Capital	0.00%	0.00%	28.15%	0.00%	0.00%	28.15%	0.00%
New Property Tax Revenue (Scenario 4) - Funding Inflation Only (No New O&M or New Capital)	0.00%	0.00%	3.77%	3.77%	3.77%	3.77%	3.77%
New Property Tax Revenue (Scenario 5) - Funding Inflation & New O&M (No New Capital)	0.00%	0.00%	8.46%	8.46%	8.46%	8.46%	8.46%
General Sales and Use Tax	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Utility Franchise Tax	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%



The CFSP illustrates the City's need for a diverse tax base. The City's lower per capita taxable sales and the limited supportable commercial zoning suggest the City will need to rely more on property tax revenues in the future, rather than continued economic development. Based on continued changes in public safety cost allocations and local priorities, the analysis of the General Fund should be updated regularly to determine sustainability.

Employee Increase Comparisons (Salt Lake & Utah County)

- Cities Planning Increases
 - American Fork - 3%
 - Pleasant Grove - 2%
 - Lehi - 4%
 - Mapleton - 1.5%
 - Herriman - 4%
 - Sandy - 2%
 - Murray 2.5-5%
 - Taylorsville - 3%

Employee Increase Comparisons (Salt Lake & Utah County)

- Cities Planning to Reevaluate Mid-Year
 - Cedar Hills
 - Lindon
 - Orem
 - Vineyard
 - Santaquin
 - Payson
 - Spanish Fork
 - Midvale
 - Cottonwood Heights
 - South Salt Lake
 - North Salt Lake
 - West Point

Budget Impact of 2% Merit Increase

- Enterprise Fund Impact: \$19,076
 - Salary: \$15,203
 - Benefits: \$3,873
 - Utility rate studies included a 3% merit annually
- General Fund Impact: \$61,132
 - City Staff: \$18,916
 - Salary: \$15,043
 - Benefits: \$3,873
 - Public Safety: \$42,216
 - Police: \$25,519
 - Fire: \$16,696

Unfunded Items from General Fund Study

Item	~ Cost
Fire Station Driveway Replacement	\$25,000
Parks & Open Space Seasonal Hourly Increase	\$48,000
Parks & Open Space Maintenance Equipment Replacement Fund	\$40,000
Playground Equipment Replacement Fund	\$77,000
Parks Maintenance Building Shortage	TBD
Parks Maintenance Equipment Increases	\$13,000
Mountain Ridge Park Shortage	
2 New Park FTE's	\$103,000

Unfunded Items from General Fund Study continued

Item	~ Cost
2 New Park FTE's	\$103,000
General Plan Update	\$60,000
2 New Police Officers	\$200,000
Replacement Snow Plot Trucks	\$280,000
Streets Maintenance Increases	\$7,000
New Streets FTE & Vehicle	\$103,000
Building Maintenance - City Hall, Police, Fire, Public Works, and Community Center	TBD
Vehicle Replacement Fund	\$105,000

LPPSD

- Our assessment is down \$-55,945
- Overall
 - Fire: \$-125,307
 - Police: \$8,587
 - Admin: \$8,479
 - Dispatch Fee
 - Without \$-17,849
- Ambulance: \$265,000
 - Additional Revenue
 - Salary/Wages Savings

Public Safety Fee

- The proposed budget does not include the use of \$60,000 from reserves for Public Safety.
- In this revenue is included the General Fund would be a positive \$35,000

Council Member Scott L. Smith made an additional substitute motion and MOVED that the City Council implement an \$11.50 Public Safety Fee per month and utilize \$60,000 from the excess reserves and that there be a sunset date of 2028 budget year. Council Member Kurt Ostler SECONDED the motion.

The vote was recorded as follows:

<i>Council Member Brian Braithwaite</i>	<i>Yes</i>
<i>Council Member Ed Dennis</i>	<i>No</i>
<i>Council Member Tim Irwin</i>	<i>Yes</i>
<i>Council Member Kurt Ostler</i>	<i>Yes</i>
<i>Council Member Scott L. Smith</i>	<i>Yes</i>

The motion passed 4-1.

Budget Changes

- Version 8
- Gen. Fund Rev. \$9,887,001
- Gen. Fund Exp. \$9,886,297, Net \$704
- Version 10
- Gen. Fund Rev. \$10,002,554
- Gen. Fund Exp. \$10,001,816, Net \$739

Potential Merit Increase

- Version 8---0% increase
- Version 10---2% increase
- Salaries up \$30K
- 401K up \$2.3K
- Retirement up \$5.4K

General Fund Account Changes

- Prop. Tax Revenue
- From \$1,758M to \$1,789M increase \$31.4K
- Sales Tax Revenue
- From \$2,408M to \$2,438M increase \$30K
- Bldg. Permits Revenue
- From \$280K to \$300K increase \$20K

General Fund Account Changes

- Prior Year's Reserves
- From \$100K to \$25K decrease \$75K
 - Positive \$35,000 if use \$60,000 for LPPSD
- B&C Road Fund Revenue
- From \$715K to \$750K increase \$35K
- Garbage Fee Income
- From \$910K to \$985K increase \$75K
- Garbage Collection Costs
- From \$825K to \$881K increase \$56K

General Fund Account Changes

- Police Salary 2% potential merit increase
- From Total Cost \$2,190,366 to \$2,216,006
- Salary plus benefit increase of \$25,640
- Fire/EMS Salary 2% potential merit increase
- From Total Cost of \$1,784,990 to \$1,801,795
- Salary plus benefit increase of \$16,805

Conclusion

- No substantial cuts from Preliminary Budget
- Absorbed the loss of potential revenue as a result of COVID-19
 - Does not include CARES ACT Funds
- Absorbed the majority of the \$60,000 deficit related to LPPSD Fee
- Limit the impact on level of service
- Maintain reserves for future emergencies
- People are the Priority

Highland City Tentative Budget												
Fiscal Year 2020-2021												
Version 10 for Council Meeting 06/09/2020												
Will be used for final FY 2019-2020 budget adjustments												
	2017-18	2018-19	2019-20	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21	FY 2020-21
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
General Fund												
Prop. Tax Revenue	1,758,000	1,758,000	1,758,000	1,789,000	1,789,000	1,789,000	1,789,000	1,789,000	1,789,000	1,789,000	1,789,000	1,789,000
Sales Tax Revenue	2,408,000	2,408,000	2,408,000	2,438,000	2,438,000	2,438,000	2,438,000	2,438,000	2,438,000	2,438,000	2,438,000	2,438,000
Bldg. Permits Revenue	280,000	280,000	280,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Total Revenue	4,446,000	4,446,000	4,446,000	4,527,000	4,527,000	4,527,000	4,527,000	4,527,000	4,527,000	4,527,000	4,527,000	4,527,000
General Fund Expenses												
Police Salary	2,190,366	2,190,366	2,190,366	2,216,006	2,216,006	2,216,006	2,216,006	2,216,006	2,216,006	2,216,006	2,216,006	2,216,006
Fire/EMS Salary	1,784,990	1,784,990	1,784,990	1,801,795	1,801,795	1,801,795	1,801,795	1,801,795	1,801,795	1,801,795	1,801,795	1,801,795
Total Expenses	3,975,356	3,975,356	3,975,356	4,017,801	4,017,801	4,017,801	4,017,801	4,017,801	4,017,801	4,017,801	4,017,801	4,017,801
Surplus	470,644	470,644	470,644	509,199	509,199	509,199	509,199	509,199	509,199	509,199	509,199	509,199

Highland City Tentative Budget												
Fiscal Year 2020-2021												
Version 10 for Council Meeting 06/09/2020												
Will be used for final FY 2019-2020 budget adjustments												
	2017-18	2018-19	2019-20	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21	FY 2020-21
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
General Fund												
Prior Year's Reserves	100,000	100,000	100,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
B&C Road Fund Revenue	715,000	715,000	715,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Garbage Fee Income	910,000	910,000	910,000	985,000	985,000	985,000	985,000	985,000	985,000	985,000	985,000	985,000
Garbage Collection Costs	825,000	825,000	825,000	881,000	881,000	881,000	881,000	881,000	881,000	881,000	881,000	881,000
Total Revenue	2,550,000	2,550,000	2,550,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
General Fund Expenses												
Police Salary	2,190,366	2,190,366	2,190,366	2,216,006	2,216,006	2,216,006	2,216,006	2,216,006	2,216,006	2,216,006	2,216,006	2,216,006
Fire/EMS Salary	1,784,990	1,784,990	1,784,990	1,801,795	1,801,795	1,801,795	1,801,795	1,801,795	1,801,795	1,801,795	1,801,795	1,801,795
Total Expenses	3,975,356	3,975,356	3,975,356	4,017,801	4,017,801	4,017,801	4,017,801	4,017,801	4,017,801	4,017,801	4,017,801	4,017,801
Surplus	470,644	470,644	470,644	509,199	509,199	509,199	509,199	509,199	509,199	509,199	509,199	509,199

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