

CLEARFIELD CITY COUNCIL MEETING MINUTES
6:00 P.M. WORK SESSION
April 28, 2020

No physical meeting location was available. The meeting was held electronically via Zoom Meeting address:

Zoom Meeting
<https://zoom.us/j/97355195604>
Meeting ID: 973 5519 5604

PRESIDING VIA
ZOOM MEETING: Mark Shepherd Mayor

PRESENT VIA
ZOOM MEETING: Kent Bush Councilmember
Nike Peterson Councilmember
Vern Phipps Councilmember
Tim Roper Councilmember
Karece Thompson Councilmember

STAFF PRESENT
VIA ZOOM MEETING: JJ Allen City Manager
Summer Palmer Assistant City Manager
Stuart Williams City Attorney
Kelly Bennett Police Chief
Adam Favero Public Works Director
Eric Howes Community Services Director
Spencer Brimley Community Development Director
Rich Knapp Finance Manager
Lee Naylor Accountant
Trevor Cahoon Communications Coordinator
Nancy Dean City Recorder

VISITORS: Bobby Austin, Brogan Fullmer, David Bloomfield

Mayor Pro Tem Phipps called the meeting to order at 6:35 p.m.

DISCUSSION ON THE FISCAL YEAR 2021 BUDGET

Rich Knapp, Finance Manager, reviewed the following unknowns of the FY21 budget:

- Property tax – whether to maintain the rate or only maintain the General Obligation Bond property tax decrease
- Health insurance increase of seven percent – what portions would be paid by the employee
- Increases to property and liability insurance fees

- Projects that might not be completed by June 30, 2020 and would need to roll over to Fiscal Year 2021 (FY21)
- Indirect administrative cost allocation
- Whether to add more projects to the cut now restore later list

Councilmember Phipps wondered if sales tax revenue should be included as an unknown. Mr. Knapp responded it had not been included because there was no way to know, given the current pandemic, what it would be before the budget was prepared. He explained a 15 percent reduction in sales tax revenue had been built into the FY21 prepared budget. JJ Allen, City Manager, stated staff currently felt comfortable with that sales tax revenue projection. He noted there were no outstanding questions or information regarding sales tax revenue while the other items mentioned still needed to be resolved.

Mr. Knapp reviewed the following changes since preliminary budget was presented to the Council. He explained the aerial lift was moved from Water to Streets and it did not affect the net of the General Fund but it would reduce funding set aside for street project by \$65,000. He noted cemetery expansion phase two was removed from the FY21 budget and it was planned for the FY22 budget. He explained there would not be any cost savings; instead, a delay for the project until spring or summer of 2021 when funding from two budget years could complete the work.

Councilmember Phipps confirmed there would not be a new allocation of funds in the FY21 budget, but funds allocated in FY20 and FY22 would be used toward the project. He wondered how precise the \$500,000 cost estimate was and if staff was comfortable with the projection. Eric Howes, Community Services Director, stated the engineers estimated the number in 2019 once the design was finished and it did include some contingency.

Mr. Allen mentioned the last change since the preliminary budget was in anticipation of using \$900,000 of park impact fees for the acquisition and development of a park in the downtown area. He explained there were some questions about whether to spend that much impact fee revenue on one project. He noted the impact fees were required to be spent in a specific timeframe and it would be expected the impact fees would be replenished due to the volume of remaining development projects.

Councilmember Peterson asked if spending the \$900,000 would use all the currently collected impact fees. Mr. Knapp said yes. Councilmember Bush wondered if there was a project included in the last meeting's budget discussion that was already earmarked for impact fee revenue. Mr. Knapp could not think of any other projects other than a water project, but a determination had not been made as to eligible use of park impact fees. Councilmember Phipps questioned if there was a level of comfort that this amount of money would be enough to cover the expected project scope. Mr. Allen responded yes and he anticipated there would be upcoming work session discussions related to the matter in the near future.

Mr. Knapp highlighted how the funds were spent by function which included utilities and utilities capital, general government, public safety, public works, community services, and community and economic development. He pointed out the expenses by type were for personnel,

materials and services, capital outlay and debt service. He compared totals for the actual expenditures by function in FY18 and FY19 to the budgeted expenditures by function in FY20 and FY21. Mr. Knapp indicated capital outlay was higher for budgeted years because it was difficult to predict which projects would get completed during a year; so, even though expenses were budgeted the actual expenditures were typically less than what was budgeted.

He also reviewed the City's debt service. He noted the City's total debt would be \$17,135,041 at the end of FY20. Mr. Knapp explained the bond being issued for the development of a fiber network was included in the totals for FY21 debt service. He pointed out even though the City might not need to make payments on the bond; the budget needed to show the excise tax commitment.

Councilmember Thompson asked for clarification on maintaining the certified tax rate. There was a discussion about the process of truth-in-taxation, the estimated amount of General Fund revenue that would be received if the rate were maintained for the GO Bond portion only versus being maintained at the current overall rate with any valuation increases, budget cuts that would be necessary if the rate was not maintained, and the continual increases year over year in personnel costs and operational expenditures. Mr. Allen commented one of the benefits to maintaining the property tax rate would be to keep up with the cost of inflation. Summer Palmer, Assistant City Manager, pointed out that another reason for the Council to consider whether to maintain the certified tax rate was in contemplation of future costs for any additional staff or services required to accommodate the growth in the City population based on pending development projects.

Councilmember Peterson moved to adjourn the work session and reconvene in policy session at 6:59 p.m., seconded by Councilmember Roper. The motion carried upon the following vote: Voting AYE – Councilmember Bush, Peterson, Phipps, Roper, and Thompson. Voting NO – None.

The meeting reconvened at 7:45 p.m.

Mayor Shepherd joined the work session at 7:45 p.m.

Mr. Knapp reviewed the debt history of pledged revenue. He stated the City's debt for the 2018 Excise Tax Bond for Mabey Place in FY21 for principal and interest was \$585,910 which was built into the budget and in FY22 plus remaining years until 2030 it would be approximately \$744,246 annually.

He highlighted the General Fund budget of net ongoing surplus was \$50,624 which had gone up from what was discussed previously because now it included the transfers from the CDRA fund of approximately \$36,000 and some reductions to the materials and supplies. He indicated the tentative budget after updates planned to have \$459,538 above the allowed unrestricted two months of operating expenses. Mr. Knapp pointed out the budget summary had many assumptions which included revenues and the beginning fund balance which were still uncertain. Councilmember Bush asked if all figures in the tentative budget were assuming the City maintained the tax rate. Mr. Knapp responded yes.

Mr. Knapp reviewed the FY21 expenditures for all of the funds which had included historical actual data as well as the FY20 and FY21 budgeted amounts noting any changes in the expenses from FY20 to FY21. Mayor Shepherd explained the Youth Commission expense increased in FY21 in hopes of taking the leadership of the Youth Commission and two chaperones to Washington DC for attendance at the National League of Cities (NLC) Conference. He noted it would be a match of \$500 per person to cover either airfare or lodging and any additional expenses would be paid by the participants.

Councilmember Phipps asked if the budget numbers included the market adjustment from the results of the salary study. Mr. Knapp answered yes, it was built into the budget. Mr. Allen pointed out the implementation was discussed in a prior meeting with the Council but there was no consensus on the matter. Councilmember Phipps stated his opinion had not changed. He expressed concern with the timing of the study and how wage increases should not be considered as feasible based on data from 2019 given the current crisis. He suggested it would be unwise to leave it in the budget based on the economic uncertainty currently being experienced because of the pandemic. He expressed his desire to remove it entirely from the budget and address it when there was a better feel for where the economy stood.

Summer Palmer, Assistant City Manager, clarified some of the market study analysis was completed as recently as February 2020, but understood it could be outdated given the last two months and the spike in unemployment rates. She continued there was a difference between implementing it and budgeting for the market adjustments. She pointed out that if the City did not budget for at least something it might have some recruitment and retention issues later in the year. Councilmember Thompson asked if the study revolved around compensation amounts keeping pace with the current economy and if budgeting for it would speak to recruitment and retention. Ms. Palmer responded yes there were components to all of those issues. She commented the City might need flexibility to address attraction and retention issues in the budget even if the study recommendations might not be implemented. There was a discussion about whether or not the budget should fund the wage increases at one hundred percent (100%), fund them at fifty percent (50%), or fund none of the market adjustments.

Councilmember Peterson wondered how binding it would be to leave it in the budget, what staff's recommendation would be, and if there were measures that could assure the Council's approval before any implementation occurred. Mr. Allen expressed he was comfortable with either cutting the total in half with the hope to implement on January 1, 2022; or leaving the full amount in the budget to serve as a buffer or cushion if it were needed to draw on for flexibility. He voiced his opinion he was less comfortable striking the entire amount from the budget, but if it was the will of the Council it would be removed. There was a discussion about measures that could guide implementation such as furloughed employees returning to work, revenue streams stabilizing, all programming returning and quarterly financial update discussions; as well as, the necessity of the Council to approve any implementation of the market study compensation adjustments. Councilmember Phipps expressed his opinion that that he could not foresee any scenario where the full amount would be expended given the current crisis created by the pandemic.

There was a discussion about the uncertainty of the future, and the difficulty in making predictions. Mr. Allen asked if, based on the discussion, the Council was able to form any consensus on whether or not the compensation market study funding should remain in the budget. The consensus of the Council was to leave 100 percent of the funding in the budget for the market study with the assurance there would not be any implementation without the Council's consent.

Mr. Knapp continued to highlight some of the changes to expenditures in the FY21 budget. He pointed out that the training budget for the city manager was increased to allow participation at the NLC meetings which was offset by a reduction in contracted services. There was a discussion about whether or not the training should be left in the budget. The consensus of the Council was to keep it in the budget because it would be beneficial for the city manager to attend.

Mr. Knapp stated the city recorder's expenditure budget had increased to include contracted services for minutes. Councilmember Peterson voiced it would be a smart option given the City's productivity goals.

Mr. Knapp continued to review the expenses and changes in the FY21 budget for the various departments. He pointed out dispatch had a larger market adjustment than other areas which was reflected in the budget. Councilmember Peterson wondered if the adjustments for dispatch would be paused along with other employees. Ms. Palmer answered the increase for dispatchers was recommended in the compensation study; so, it would be on hold like the other increases and implementation contingent upon the Council's approval.

Mr. Knapp continued to review the expenses of the police, public works, and community services departments. He pointed out the Fourth of July celebration was discussed last week in work session and numbers remained in the tentative budget until the approach for celebrations was determined. Mr. Allen indicated in FY21 there would be an obvious reduction to the expenditures for the Fourth of July celebration because of restrictions for large mass gatherings; however, the totals could remain as a buffer, or be adjusted before final budget adoption. He mentioned staff would be reviewing options for the coming Fourth of July event with the Council later in May and would present budget estimates to assist with decision making. Councilmember Phipps stated it would be good to find out what could be done to bring the celebration to the people. He expressed his opinion it was not a good budget practice to build in buffers, but it would be better to revisit the numbers when the Council had more information on costs and ideas to consider. Councilmember Peterson suggested the estimated numbers were sufficient for tentative budget adoption and could be reworked before final budget adoption.

Mr. Knapp continued to review changes in expenditures with the Council. He pointed out that recreation had an increase in expenditures for FY21, but there was also the offset in revenues for the homeschool program. Councilmember Peterson requested to know how the changes in homeschool revenues and expenditures were determined. Mr. Howes reported the revenue change was based on the agreement with the homeschool group. He explained the group had increased its fees which directly impacted the revenues. Ms. Palmer asked if that was something that might change with the current situation. Mr. Howes answered it could impact the numbers for FY21 but it was hard to predict.

Mr. Knapp continued the review of the FY21 expenses. He explained the budgeted funds for PARAT Tax revenue was all for the pickleball courts. Councilmember Bush wondered if PARAT Tax revenue would be used as discussed in a prior work session for the Central Park restrooms. Mr. Knapp wondered if there had been consensus on using PARAT Tax revenue for the restroom. Mr. Howes responded there would be a joint meeting with the Parks and Recreation Commission on May 19, 2020 to discuss the PARAT Tax Master Plan and its projects could be prioritized for PARAT Tax funding. Councilmember Bush requested to have the amount of revenues available at the meeting to aid with discussions. Mr. Knapp reported he would have projections available but those were going to be lower because they were based off sales tax revenues.

Mr. Knapp continued highlighting the changes in expenditures for the FY21 budget. He pointed out that there was a \$30,000 decrease in planning and zoning and thought it was related to the General Plan updates. Councilmember Peterson wondered if the intent was to push the General Plan overhaul to next year. Spencer Brimley, Community Development Director, explained the City was awarded funds in FY20 from Wasatch Front Regional Council (WFRC) for the General Plan update and so the City would pay its portion of the project in FY20 but the technical work by the consultant would be completed in FY21.

Mr. Knapp reviewed the enterprise funds expenditures for FY21. He pointed out the price for the second trash can that he had provided during earlier budget discussions was incorrectly reported at \$7.50 but it was actually \$9.50. He stated that meant there would be an increase to fees and the total cost for residents with an additional can would be \$10 rather than the \$8 as initially planned. Mr. Knapp stated that covered the entire budget and asked if there were any questions.

Mr. Allen wondered if there was a list of outstanding questions that needed to be resolved before consideration of the tentative budget. Mr. Knapp responded he did not have a list but could put one together. Mr. Allen indicated there had been discussions about three major capital projects and the Council had not yet determined its direction for funding the painting at City Hall, lights at the Skate Park, and Veterans Monument.

Mayor Shepherd reported on some of his conversations during the past week with veterans. He commented based on those discussions he would rather see funds put towards veteran recognitions in other ways rather than building a monument. He explained those major capital projects and any other variables in the budget could be discussed further during the work session next week.

Mr. Allen explained the draft budget as it was presented included the City paying the full seven percent increase in health insurance premiums. He recommended that approach rather than asking employees to pay a portion, if there would be no wage increases implemented in July. Mayor Shepherd expressed his support for that recommendation. Councilmember Peterson agreed, but asked to see the numbers on the portions or percentages the City was paying. Ms. Palmer indicated the total cost to the City if it paid the full seven percent increase in FY21 would be \$99,000. She pointed out the shared costs in FY20 were an 85/15 split between the employer and employee contributions for health insurance benefits for those with the traditional plan; it varied slightly for those on the high-deductible plan because of the contributions paid by the City

to the employee Health Savings Accounts. She stated if the City paid the increase it would shift the cost sharing percentage slightly for FY21 by about one percent to approximately an 86/14 percent.

Councilmember Bush reminded everyone some of the items yet to be determined were whether or not to include Central Park restrooms in the FY21 PARAT Tax projects and if park impact fee money would be used on a project presented in one of the first budget discussions.

Councilmember Bush wondered if staff anticipated any budget amendments for FY20. Mr. Knapp answered there would be some budget amendments and those would be presented to the Council in June.

Mr. Knapp explained the FY21 tentative budget might be difficult to include with the agenda packet following next week's discussion but it would be forwarded to the Council as soon as possible for its review prior to consideration.

Councilmember Thompson moved to adjourn at 8:46 p.m., seconded by Councilmember Peterson. The motion carried upon the following vote: Voting AYE – Councilmember Bush, Peterson, Phipps, Roper, and Thompson. Voting NO – None.

The minutes for the CDRA are in a separate location

**APPROVED AND ADOPTED
This 9th day of June, 2020**

/s/Mark R. Shepherd, Mayor

ATTEST:

/s/Nancy R. Dean, City Recorder

I hereby certify that the foregoing represents a true, accurate, and complete record of the Clearfield City Council meeting held Tuesday, April 28, 2020.

/s/Nancy R. Dean, City Recorder