

CLEARFIELD CITY COUNCIL MEETING MINUTES  
6:00 P.M. WORK SESSION  
May 5, 2020

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

Zoom Meeting  
<https://zoom.us/j/82754280655>  
Meeting ID: 827 5428 0655

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

Brad McIlrath

Senior Planner

Rich Knapp

Finance Manager

Trevor Cahoon

Communications Coordinator

Nancy Dean

City Recorder

Mayor Shepherd called the meeting to order at 6:03 p.m.

Councilmember Thompson joined at 6:08 p.m.

DISCUSSION ON THE ENCROACHMENT AGREEMENT WITH THE UTAH  
DEPARTMENT OF TRANSPORTATION AND THE DAVIS AND WEBER COUNTIES  
CANAL COMPANY

Adam Favero, Public Works Director, stated the Utah Department of Transportation (UDOT) was reconstructing the overpass on the I-15 freeway over the 200 South roadway. He explained UDOT would be relocating utility lines, installing additional utilities, and improving the cross section of the roadway in that area. He mentioned the Davis and Weber Counties Canal Company (DWCCC) was requiring an encroachment license agreement to encroach upon the company's property located at approximately 750 East 200 South.

Mr. Favero pointed out that the agreement between UDOT, DWCCC, and the City would allow UDOT to construct a 15-inch storm drain line in the area and it also detailed the City's long term maintenance responsibilities of the property once the project was completed.

DISCUSSION ON THE FINAL SUBDIVISION PLAT FOR THE HILLSIDE ESTATE  
SUBDIVISION LOCATED AT APPROXIMATELY 293 SOUTH STATE STREET (TINS: 12-  
003-0051 AND 12-003-0050)

Brad McIlrath, Senior Planner, stated the applicant was requesting to consolidate the properties located at approximately 293 South State Street for a residential and commercial mixed-use development. He noted the site plan and preliminary subdivision plat were approved on November 6, 2019.

Mr. McIlrath indicated as part of the development, the applicant was required to combine the properties and provide public utility easements and road dedication for improvements along State Street to provide the furnishing zone and walkway area as required by Form Based Code. He mentioned combining the parcels through the consolidation would be correcting a parcel boundary gap that was on file with the County Recorder's office. He reviewed the final subdivision plat.

Mr. McIlrath stated the Planning Commission heard the request on April 15, 2020 and recommended approval contingent upon the three conditions included in the presentation. He offered to share the site plan with the Council if desired.

Councilmember Peterson requested to see the site plan. She wondered how it would look to have a five story building next to a one story commercial building. There was a discussion about the development of adjacent properties and the transitioning of the downtown that would occur as it was redeveloped. Mr. McIlrath reviewed the elevations, commercial space, and the number of units planned for the project with the Council.

DISCUSSION ON THE FISCAL YEAR 2021 BUDGET

Rich Knapp, Finance Manager, reviewed the certified tax rate options. He explained there were four options available which included 1) doing nothing; 2) maintaining the rate; 3) maintaining the rate only by the amount of the GO bond decrease; or 4) increasing the rate. He pointed out what would be required for the truth in taxation noticing. There was a discussion on impacts of maintaining the rate for both the City and its residents; as well as, the messaging efforts that should be done ahead of any noticing to provide additional transparency for residents and aid in the understanding of what the City had done in the past, planned to do for the future, and why those efforts were being considered.

Councilmember Thompson expressed his desire to get to a position where the City was ahead of the curve, so it would not have drastic rate increases like other cities just to keep up with inflation. He was concerned properties were growing in value and the City would need to have essential buying power to provide the necessary services and keep up with the inflation rates.

There was a discussion on revenue impacts associated with maintaining the rate and the increases related to payroll expenditures without any additional staffing proposed for FY21.

Councilmember Bush commented the price of projects was also increasing and material costs continued to rise. He expressed his opinion that the increases in revenues from maintaining the tax rate would not be enough to cover the increases to expenses each year.

Mr. Knapp identified property tax was the third largest revenue source for the City. He pointed out historically sales tax revenue had continued to increase which allowed the budget to work. He noted if sales tax revenue decreased it would create additional challenges for balancing the revenues and expenses of the City's budget.

Councilmember Bush wondered how property value increases for any new developments were figured into the budget from year to year. Mr. Knapp responded the City's fiscal sustainability report created by Zions Bank would be reviewed by the Council in an upcoming meeting prior to July which would have a model with those property values built in so there would be a better method to use for future projections.

Councilmember Thompson expressed his position would be to establish a rate that gave the City leeway. He expressed his desire of not wanting to tax residents; however, felt it might be the right time to maintain the tax rate especially because FY21 would likely have an impact on the City's sales tax revenue stream.

Councilmember Roper agreed. He said the City needed to create sustainability.

JJ Allen, City Manager, reported the draft budget included figures based on the assumption of maintaining the rate; however, wondered if the Council felt the tentative budget should be prepared with something less or more since State Law required its adoption next week.

Councilmember Roper said he was okay with maintaining the rate.

Councilmember Phipps expressed his opinion that FY21 was not the year to consider maintaining the certified tax rate because of all the uncertainty and high unemployment rates. He explained he was comfortable maintaining the tax rate for the general obligation bond portion but not obtaining any more money from the taxpayer. He recognized without maintaining the general obligation portion of the rate, the City could be at risk, not for future growth purposes, but of not having the funding necessary to meet its bonding obligations.

Mayor Shepherd commented the Council had not approved maintaining its property tax rate for the last three years when the economy was doing well. He indicated it would never be an easy time for the decision, but maintaining the tax rate was necessary to keep up with inflation.

Councilmember Thompson agreed with Mayor Shepherd. He expressed his concern that if the City continued with many more years of taking a decreased tax rate the revenues would eventually not be enough to deliver quality services which would have an equal impact on residents as taking a slight increase.

Councilmember Roper expressed his concern with not maintaining the tax rate creating a need for drastic increases to cover services especially with the growth and density planned in the near future. He hoped to avoid those drastic increases which would hurt the residents more than smaller increases over time.

Councilmember Bush agreed with Councilmember Roper. He pointed out the difficulty faced by the North Davis Sewer District in keeping up with growth and the need it had for drastic increases because it had not done slight increases each year.

Councilmember Phipps pointed out the difficulty in comparing budgets from one entity to another because each had various root causes and revenue streams and some relied more heavily on property taxes. He stated Clearfield depended more heavily on its sales tax revenues. He commented the City had not maintained the rate for three years but at the end of each year there had been surpluses. He noted if the City had raised the rate it would have increased the surplus and been required to spend it.

Mayor Shepherd responded there were many projects that could have been kept in the budget if the tax rate had been maintained. He pointed out year after year projects were put off in order to balance the budget and staff had managed the allotted money very well. He commented budgeting was a balancing act and monies were committed to items but sales tax was always fluctuating. He noted in FY21 it would be especially difficult to predict the impacts on the budget related to sales tax revenues because of the pandemic. He expressed his opinion property tax was a fair spot to capture taxes and it was the only place where the City had control over the amount.

Councilmember Peterson agreed with Mayor Shepherd. She voiced her concern about counting heavily on one source of funding rather than having a balanced approach. She said it was risky for government to cut a revenue source because there were still core functions the City needed to provide and staff were an essential piece to those operations. She said she was glad the City had been able to hold the rate in the past, but felt it was time to go the other direction and maintain the rate.

Councilmember Peterson voiced her concern about the importance of talking to the residents about what maintaining the tax rate meant. She recognized the Council had differing philosophical opinions on what maintaining the rate entailed. She expressed her opinion the messaging to residents was critical and must explain the why. She felt more direct communication with the public prior to noticing would help create understanding because the percentage increase in the tax rate would get attention. There was a discussion about the messaging to residents regarding maintaining the property tax rates. Councilmember Peterson stated she was supportive of maintaining the tax rate with the understanding that messaging to residents was an important factor to aid in explaining the purposes behind it.

Councilmember Thompson questioned if the City was taking deficits on certain services in the enterprise funds. Mayor Shepherd responded the City was spending those funds and doing projects, but overall it was healthy in its enterprise funds.

Mr. Allen questioned if the Council was comfortable with staff preparing the tentative budget with the assumption the City would maintain its property tax rate. The consensus of the Council was to move forward with the prepared budget that included the estimation for maintaining the property tax rate which was anticipated to be a 30 percent increase or \$11 annual increase per household.

Mr. Knapp explained the expenses related to the capital project for Phase II of the cemetery were moved to FY22. He mentioned there had been prior budget discussions about the Veterans Monument, painting common areas for City Hall, and lights at the Skate Park in which there was no consensus about whether or not to include those capital projects in the budget. Mr. Allen said currently painting of City Hall and the Skate Park lights were in the draft budget and the Veterans Monument could be added if that were desired by the Council because the budget would still meet the measures of security and sustainability. He asked the Council if all three projects were desired for inclusion in the FY21 tentative budget. He mentioned staff had already prioritized the projects but now it was time for staff to know the will of the Council.

Councilmember Phipps voiced his opposition to the lights at the Skate Park project because he did not see a need for them.

Councilmember Bush wondered if there was a project besides the three in question which should be restored to the FY21 budget that was of higher priority. Mr. Allen reviewed some of the projects which had been placed on the cut now restore later list. Councilmember Phipps expressed his desire to put additional funding into the arts instead of the Skate Park lighting. Mr. Allen appreciated the feedback.

Councilmember Bush reported the project he mentioned during the last work session for use of impact fees was not for park impact fees as he previously had thought but was for a waterline project on State Street. He felt it would make sense to use water impact fees if it were possible on the project. Mr. Allen stated staff found that slide of the presentation while doing its research.

Mayor Shepherd mentioned the project for the west entrance of City Hall renovation was one to consider because it was a safety issue and important to the City's image. He expressed his desire to include that project in the FY21 budget and eliminate all three of the other ones discussed. Eric Howes, Community Services Director, explained in many ways the west entrance project would be modified depending on what was determined for the Veterans Monument on the north side. Mayor Shepherd felt the west side renovation was a crucial project. Councilmember Phipps agreed the west entrance was critical. There was a discussion about which projects should be prioritized for the FY21 budget and things that could be done to reduce the scope of the Veterans Monument project but continuing to adequately honor or recognize veterans for their sacrifice and service.

The consensus of the Council was to remove the Skate Park lighting and painting of City Hall projects from the FY21 draft budget and include fixing the west entry of City Hall with a small veteran tribute in conjunction with the project; either inside or outside of the building. There was a discussion about supporting the arts programs in FY22.

Councilmember Peterson wondered how the projects presented as the cut now restore later options would be assessed during the upcoming budget year. Mr. Allen responded it would be similar to how wage increases would be addressed during quarterly financial update discussions. He pointed out those quarterly discussions would be an appropriate time for analyzing data and addressing the timing for wage implementations or prioritizing capital projects if funds were available.

Mr. Knapp mentioned after the last budget discussion on April 28, 2020 the Council requested additional information about the health insurance increase effects on employee and employer splits, backhoe lease versus buy options, PARAT Tax projects, and park impact fee projects. He pointed out the PARAT Tax projects would be discussed during the joint meeting on May 19, 2020 with the Parks and Recreation Commission and the impact fee projects had been resolved.

Summer Palmer, Assistant City Manager, reviewed the following information regarding health insurance increases:

- United Health Care (UHC) renewal premiums would mean a seven percent increase in FY21 totaling \$99,914.
  - The increase for the traditional family plan would amount to about \$20 per month for employees if the City chose to keep its 85 percent employer and 15 percent employee split for premium cost sharing.
  - If the City covered the entire seven percent insurance premium increase in FY21 the split for cost sharing would shift to an 86 percent employer and 14 percent employee split.

Ms. Palmer explained staff received a benchmark report and the bulk of other cities were not passing the premium increases on to employees given the current difficult economic circumstances. She reported the City's goal had been to have parity between the traditional and high-deductible plan, so contributions had been made to the employees' health savings accounts (HSA) to assist in those efforts. She noted in past years the strategy had been to eventually wean people from the higher subsidy in HSA contributions. Ms. Palmer acknowledged if the desire of the Council was to continue this course of action, there could be a \$50 monthly decrease in HSA contributions for employees in FY21. Mr. Knapp explained the budget had been prepared without the adjustment in HSA contributions; therefore, if the Council wanted to continue with the reductions there would be another \$30,000 in cost savings for the FY21 budget.

Ms. Palmer mentioned employees could participate in the motion incentive program and there was potential to earn additional savings of about \$90 per month contributed by UHC into the employees' HSA for themselves and a spouse. She pointed out the reduction in HSA contributions may incentivize employees to participate in the preventative health program. There was discussion on the stability of health insurance costs and providing the employees with the best coverage.

Ms. Palmer stated if the City could absorb the seven percent increase to health insurance premiums it would be a good effort toward assisting employees in dealing with other uncertainties due to COVID-19 and part of the increased costs to the City could be offset by a

reduction paid out in HSA contributions. The Council was favorable of having the City cover the entire seven percent increase in FY21.

Councilmember Bush requested putting a street light on Marilyn Drive near the curve in the road and wondered if patrol officers could check out the area at night to get a better understanding of his concerns. Kelly Bennet, Police Chief, responded he would look into it. Mr. Knapp indicated there was no more budget money in FY21 for any additional street lights other than the proposed project on Antelope Drive. Mr. Allen stated staff could look at the location and see what adding additional lighting along that road would entail and if there were any feasible options because it was not a line item in the prepared budget.

Adam Favero, Public Works Director, stated he was still waiting for the numbers to return to provide all the information about the leasing versus buying options for backhoes. He commented the process he hoped the City would pursue was buying the backhoe outright and then trading it back within the time period allowed by the State's contract. He felt that option would provide the best return on investment. He pointed out the option would also create flexibility in the future if there were a lean economic year because the City would not have a lease expense but instead would own the equipment for continued use or be able to trade it in depending on what was best given the circumstances. He estimated the cost for leasing a backhoe had almost doubled, but did not have those exact numbers yet. Mayor Shepherd commented the City's best option appeared to be buying it and trading it back in. The Council did not voice opposition.

Mr. Knapp reviewed the timeline for the remaining budget process. He stated the tentative budget adoption would be scheduled for consideration during the policy session on May 12, 2020.

Councilmember Peterson requested to have staff provide monthly financial updates rather than quarterly updates so the Council could stay better informed. Mr. Knapp responded financial updates on a more frequent basis during uncertain times was a good idea. He indicated these updates could be provided in the monthly report to the Council. Councilmember Peterson thanked staff for its work on the budget and willingness to accommodate requests from the Council.

**Bush moved to adjourn at 8:00 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.**

**APPROVED AND ADOPTED  
This 9<sup>th</sup> 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, May 5, 2020.

/s/Nancy R. Dean, City Recorder