

Minutes of the Centerville City Council **work session** held Tuesday, June 13, 2017 at 8:00 p.m. in the Centerville City Council Chambers, 250 North Main Street, Centerville, Utah.

MEMBERS PRESENT

Mayor Paul A. Cutler

Council Members Tamilyn Fillmore
William Ince
Stephanie Ivie
George McEwan
Robyn Mecham

STAFF PRESENT

Steve Thacker, City Manager
Jacob Smith, Assistant to the City Manager
Marcus Arbuckle, Keddington & Christensen
Chief Paul Child, Centerville Police Department
Katie Rust, Recording Secretary

STAFF ABSENT

Lisa Romney, City Attorney

FY 2018 BUDGET

Employee Compensation Guidelines

Steve Thacker, City Manager, recommended the Council increase the two lower quartiles on the merit increase chart by 0.5% for FY 2018. He has included \$152,000 in the Tentative Budget for salary increases and associated benefits, \$30,000 of which is for additional pay raises in the Police Department. Mr. Thacker explained his recommendation for a 1% market increase to all employee pay ranges. The Council looked at a 2017 Salary Survey Summary (midpoint comparison) compiled with data collected from other cities in Utah. Mayor Cutler recommended the Council authorize staff to go forward with the recommendations, and Councilwoman Fillmore agreed. Councilwoman Ivie said she feels the need to increase salaries in the Police Department is a good point to make during property tax increase discussions. Mr. Thacker said he feels the argument could be made for a property tax increase even though the \$30,000 is already included in the FY 2018 Tentative Budget for police salary increases.

Councilman Ince stated he is generally supportive, but he has personally come to believe that if 10%-15% of a company's employees are not peeled off each year, management is not evaluating performance honestly enough. Councilman McEwan agreed with the need to be careful to not build-in the assumption of an annual increase. Jake Smith, Assistant to the City Manager, commented that the temperature has increased among City employees in the last five years regarding salaries. Mayor Cutler said the proposal seems to strike a decent balance. Councilman Ince agreed that government does not usually have as high a turnover percentage as the rest of the market. Councilwoman Fillmore said she agrees there should not be an assumption of 100% retention, but she feels the City needs to have the right framework available for compensation to rightly reward employees the City wants to retain. Mr. Thacker commented that the City has around 50 full-time employees. Councilwoman Mecham said she feels government is different because of the retirement system. She said she hears very few complaints in the community, and she feels staff is doing a good job overall. A majority of the Council indicated they are comfortable with the guidelines being effective July 1st. Councilwoman Ivie said she does not want the Police Department to feel like their needs are dependent on how the public responds to the proposed property tax increase.

1 Water Fund

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3 Marcus Arbuckle with Keddington & Christensen presented the cash position by fund
4 and in total as of May 31, 2017 (attached). Mr. Thacker and Mr. Arbuckle explained that
5 because of the Main Street Waterline Project, the loan between the Drainage Utility Fund and
6 the Water Fund will not be cleared until some point in FY 2019, which is longer than originally
7 anticipated.

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9 General Fund

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11 The FY 2017 Budget was adopted with a lump sum of \$142,000 to be distributed to the
12 different City departments for wages and related benefits. The lump sum remained in the
13 General Fund and was never distributed. Staff has reviewed the department budgets to
14 determine where to allocate the lump sum. FY 2017 Budget amendments will be presented at
15 the next Council meeting. Mr. Arbuckle explained public hearing requirements for budget
16 amendments.

17
18 Transportation Fund

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20 The Utah League of Cities and Towns (ULCT) is staff's source for data projections
21 regarding Class C revenue. Mr. Smith reported that the amounts have been higher than
22 expected in FY 2017, and the ULCT projections are higher than expected for FY 2018 –
23 between \$709,000 and \$732,000. Staff originally estimated \$562,000 for Class C revenue in
24 the FY 2018 Tentative Budget, and increased the estimate to \$650,000 after receiving the
25 projections from ULCT. Mr. Thacker said he feels it is risky to depend too much on the
26 projections. Councilman McEwan agreed that he is not willing to rely too much on unpublished
27 numbers to determine the tax rate. Councilwoman Fillmore said she is comfortable with the
28 lower estimate. Councilman Ince stated he is inclined to increase the estimate some.
29 Councilman McEwan said he would prefer to see historical performance data, but could agree
30 to an estimate \$50,000 – \$60,000 below the projected number. Councilwoman Mecham stated
31 she does not want to raise property taxes more than is needed. Councilwoman Fillmore
32 responded that the bucket that needs to be filled is so empty that any property tax increase is
33 only going to add a few drops compared to the need. Councilman McEwan agreed with
34 Councilwoman Fillmore, and added that the City is behind on essential services and has a
35 growing infrastructure deficit. Council members Ince and Ivie agreed with leaving the estimate
36 at \$650,000.

37
38 RDA Fund

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40 Mr. Arbuckle reported that changes to restricted and unrestricted RDA funds approved at
41 the last RDA meeting have been made. Mr. Thacker projected that the RDA will end the fiscal
42 year with a positive balance in the unreserved category.

43
44 Other

- 45
46 • The assessment for fire services will be \$29,000 lower than originally included in the
47 Tentative Budget.
48 • The sales tax revenue estimate has been increased by \$30,000 for FY 2018.
49 • Mr. Thacker reported that the annual community services brochure has been
50 removed from the budget. The Council discussed the need to improve the City
51 website to better provide community services information. Councilwoman Fillmore
52 said she would like to have copies of the brochure available at City Hall for those
53 who need it.

- A majority of the Council indicated that CenterPoint can count on receiving 5% of RAP Tax revenues from Centerville next year to be used on HVAC maintenance.
- Councilman McEwan questioned the need to include \$500 in the Budget for deer control. Mr. Thacker explained that a reimbursement request was submitted by one of the archers last year for supplies. Councilman McEwan responded that the archers are getting the benefit of the meat, and he feels should not be reimbursed. Police Chief Child said he was not aware that a reimbursement request was submitted. Councilman McEwan said he knows plenty of archers would be willing to participate. Mr. Thacker said he would remove the \$500 from the Budget. Councilwoman Mecham stated she would still like the City to look into the sterilization program used in other areas. She said she would try to get more information.
- Mr. Thacker stated nothing has been included in the Budget for unusual code enforcement or mitigation, but after some concern expressed by others, he said he may add back in \$1,000.

Police Department

Chief Child stated he is sympathetic to the City's Budget situation. However, he wants the Council to understand that the bar has been set high and continues to be set higher as to the quality of people desired in the Department, and the training required. Centerville Police officers are required to deal with a wide variety of issues, and liabilities are high if the officers do not have the necessary training. Chief Child said his goal is to maintain officers that will make good decisions and not get the Department into trouble. He stated it is getting harder and harder to replace officers and find good people. As a result, agencies are stealing officers from each other with the promise of higher wages and benefits. The Chief said he does not want to lose the good people in his Department. The quality of service the Department can provide depends on the quality of people in the Department. He said he knows money is tight, but he would very much like to increase the pay of those in Sergeant and Police Officer III positions.

Proposed Property Tax Increase

Mr. Thacker described his attempt to identify when the last property tax increase occurred in Centerville. It has been at least 25 years. The Council expressed a desire to know exactly when the last increase occurred. Mr. Smith presented comparative data, and Councilwoman Fillmore commented it is good to know Centerville is not an outlier in either direction. The Council gave Mr. Smith feedback on a draft of the next City newsletter with an emphasis on property tax information. Councilman Ince said it would be a good idea to limit comparative data to Centerville, Bountiful, and Farmington. The Council emphasized the desire to make sure the year of the last property tax increase is reported accurately. Mr. Smith was encouraged to simplify the information, and not go too far back with the comparisons.

The following were identified by the Council as the items to which they would allocate revenue from a property tax increase:

- Streets and sidewalks
- Police Services
- Rebuild City's reserve funds

The Council discussed the impact involvement in UTOPIA has had on the City. Mayor Cutler said the City Attorney's advice to the Council is to pick a higher number for the property tax increase, with the ability to reduce the number during the process. The number cannot be increased once it is announced. Councilman McEwan commented that the two options

1 available are a big one-time increase, or smaller increases over time. Councilman Ince said he
2 feels a 25% increase (\$250,000) is as high as they can go. Councilwoman Mecham agreed that
3 she would prefer a 25% increase in year one, with small increases in subsequent years.
4 Councilwoman Fillmore responded that does not really accomplish what is needed. Councilman
5 McEwan commented that a yearly increase for inflation should continue regardless of the initial
6 increase. Buying power always decreases over time. Councilwoman Fillmore said she is in
7 favor of a 50% increase (\$500,000). She said she would be willing to announce 45%, with room
8 to come down to 35% at the lowest. Councilman McEwan pointed out that another increase
9 would be needed in a few years time. Councilman Ince said he would be comfortable
10 announcing a 35% or 40% increase, with the disclosure that another increase would be
11 considered in a few years.
12

13 Councilwoman Ivie said she is stuck on the fact that many people in the City are on a
14 fixed income, and for them any increase is going to be painful. She said she does not feel
15 enough has been cut from the budget. She agreed the City could benefit from a 50% increase,
16 but said she feels more things need to be cut. Councilwoman Fillmore responded that the City
17 is already so fiscally conservative, that to cut more would hurt rather than help. She said she
18 feels the Council members should pride themselves on having the level of city the bulk of
19 residents want provided. Centerville has been running so tight for so long that to continue
20 cutting would hurt the quality of the city. Councilwoman Ivie said she is not convinced things
21 have been trimmed back everywhere possible, and cited the Youth City Council as an example.
22 Councilwoman Fillmore responded those are quality of life decisions.
23

24 Councilman McEwan commented that the pay-as-you-go philosophy and the desire to
25 bond are competing philosophies within the City. If the City does not bond, and does not
26 implement a property tax increase, pay-as-you-go is not possible. He agreed that more could
27 be taken out of the Budget, but they would not come up with enough nickels and dimes to cover
28 the need. Councilwoman Ivie stated she feels cutting everything nonessential would be a good
29 faith effort. Councilwoman Fillmore responded that Mr. Thacker just went through an intensive
30 budget trimming process that demoralized staff. She commented that further cuts might
31 demoralize the entire citizenry. Councilman Ince commented that Mr. Thacker reduced at least
32 one-third of the line items in the Budget compared to last year. He suggested preparing a
33 secondary information package with information on some of the cuts made for those interested.
34 Councilwoman Mecham expressed concern for those on fixed incomes, especially considering
35 the other property tax increases that will be implemented in FY 2018. Councilman McEwan
36 suggested that a hybrid would be a smaller property tax increase with bonding to make up the
37 shortfall. He said a 25% or 50% increase does not significantly change things for the City, but
38 would signal there is a burden not being met, and as consumers of City services the citizens
39 should help pay. Councilwoman Fillmore said she feels it is a powerful message for such a
40 fiscally responsible Council to say this is what is needed. She said she feels the current Council
41 has a unique opportunity to do the right thing. Councilwoman Fillmore stated people do not like
42 debt because it burdens the future. However, a lack of funds to pay for what is needed also
43 burdens the future.
44

45 Council members Ince, Fillmore, and Ivie expressed support for a \$450,000 increase
46 (45%). Councilwoman Mecham said she would be willing to start at \$400,000 (40%).
47 Councilman Ince said the message to the City should be there was a substantial push for more
48 and some push for less, and 40% was the compromise. Councilman McEwan said if citizens
49 stop and think about what they expect from the City, the amount asked for on an individual basis
50 is a lot less than services consumed on a daily basis. Mayor Cutler commented that a 40%
51 property tax increase is smaller than the drainage rate increase two years ago.

ADJOURNMENT

The work session was adjourned at 10:44 p.m.


Marsha L. Morrow, City Recorder

6-20-2017
Date Approved


Katie Rust, Recording Secretary



Centerville City Corporation
Cash Position by Fund and in Total
As of May 31, 2017

	Cash	Debt	Restricted Cash					(Due To)
		Reserve	Cash/Bonds			Impact	Gun Range	
		Cash	Deposits	TRF	DUI Funds	Fees	Deposit	Due From
GENERAL FUND	\$ 915,883		\$ 940,317		\$ 13,940		\$ 2,400	
RDA	\$ 675,750			\$ 360,747				
MBA	\$ 1,207							
RECREATION	\$ 116,380							
RAP TAX	\$ 327,542							
UTOPIA PROJECT FUND	\$ 39,354							
WATER FUND	\$ -	\$203,881						\$ (38,932)
SANITATION FUND	\$ -							\$ (59,621)
DEBT SERVICE	\$ 2,500							
CEMETERY (\$37,700 Prem Restricted)	\$ 81,011							
DRAINAGE UTILITY	\$ 652,275					\$ 39,750		\$ 98,553
TELECOM FUND	\$ 30,840							
WHITAKER TRUSE FUND	\$ 37,346							
PARK (Impact Fee)	\$ 247,542					\$247,542		
TRANSPORTATION (Class C & Prop 1)	\$ 760,622							
TOTAL	\$3,888,251	\$203,881	\$ 940,317	\$ 360,747	\$ 13,940	\$287,292	\$ 2,400	\$ -

Budget Work Session

Tuesday, June 13, 2017

7:00 p.m.

ADDRESS**

CPD

Centerville

** Your address will be used only in the event the City staff needs to contact you pertaining to an issue discussed in the City Council meeting.