Minutes of the Centerville City Council **work session** held Tuesday, January 8, 2013 at 7:08 p.m. in the Centerville City Council Chambers, 250 North Main Street, Centerville, Utah.

MEMBERS PRESENT

Mayor	Ronald G. Russell
Council Members	Justin Y. Allen Ken Averett John T. Higginson Sherri Lyn Lindstrom Lawrence Wright
STAFF PRESENT	Steve Thacker, City Manager Blaine Lutz, Finance Director/Assistant City Manager Lisa Romney, City Attorney Jacob Smith, Management Assistant Katie Rust, Recording Secretary

DISCUSSION OF PARKS CAPITAL IMPROVEMENT PLAN, IMPACT FEE FACILITIES PLAN AND IMPACT FEE ANALYSIS

Jacob Smith, Management Assistant, explained that the numbers used in the equation to determine current level of service for City parks have been adjusted to more accurately reflect the amount of City-owned developed park land. Only City-owned property can be included in the equation when determining the impact fee to charge new development. To maintain the current level of service at build-out the City would need to provide an additional 10.64 acres of developed park land. The City currently owns 7.5 acres of land that can be developed, leaving 3.14 acres to acquire in the future. The amount of additional paved trails necessary to maintain the current level of service at build-out is .52 miles. Impact fees must be used within six years of collection. Staff provided the Council with a proposed Parks Impact Fee Facilities Plan and Analysis. It is recommended that the Park Impact Fee be increased to $2,057.61 to maintain the current level of service.

Councilman Wright asked what impact fees are collected from new development, and expressed concern that increasing the Park Impact Fee would be too much. Staff explained that fewer impact fees are collected in Centerville than in some other communities. Lisa Romney, City Attorney, explained that impact fees are a fair allocation of the impact of new development on existing city facilities. Councilman Wright suggested staff prepare a chart showing impact fees in surrounding communities. He also asked what additional impact fees could be charged by the City. Staff responded that Centerville does not charge a traffic impact fee (developers are required to put in all necessary roads associated with their development) or an emergency medical services impact fee. Councilwoman Lindstrom asked why commercial development does not pay Park Impact Fees. She suggested that developed parks contribute to an environment that benefits commercial business. Staff responded that commercial development is not required by law to pay Park Impact Fees, but is required to pay all other impact fees. The Council is supportive of holding a public hearing for the Parks Impact Fee Facilities Plan, Parks Impact Fee Analysis and proposed Parks Impact Fee at the Council meeting on January 15th.

REVIEW OF PROPOSALS FROM JASON BURNINGHAM

Mr. Thacker explained that the Culinary Water System Capital Facilities Finance Plan was completed several years ago. That Plan recommended the Water System Impact Fee be updated. The City's financial advisor, Lewis Young Robertson Burningham, would do this study for a fee not to exceed $10,040. It is also proposed that the Council move forward with a Comprehensive Financial Sustainability Plan, Impact Fee Facilities Plan, and Impact Fee Analysis for the Storm Water Utility System for a fee of approximately $20,000. The combined expense to fund the studies would be a little over $30,000. Staff recommends the Council accept the proposals at the January 15th Council meeting so that work can begin. Councilman Wright suggested that master plans and impact fee analyses be developed together to align them for budget purposes.

DISCUSSION TOPICS FOR WORK SESSION WITH LEGISLATORS

The Council and staff discussed topics they would like to bring up with State Legislators at the work session scheduled for January 15th:

- Fire Agency – creating an independent taxing district
- Sales tax distribution
- Transportation funding/gas tax
- UTOPIA
- Pedestrian walkway over freeway

MID-FISCAL YEAR REVIEW OF CITY FINANCES

Blaine Lutz, Finance Director/Assistant City Manager, reported that the General Fund balance is healthy, but not extravagant. Mr. Lutz presented a historical review of major revenue sources. Revenues have been lower than projected for several years. As a result, the City has been unable to complete much of the street maintenance in the Five-Year Streets Maintenance Plan, which expires in 2013. Staff recommends the Council amend the current budget to allocate additional funds for streets maintenance, to restore funding for the annual streets contracts to $500,000. This is still well below the amounts needed over the next several years, according to the Public Works Director. The proposed allocation would leave a General Fund balance of approximately 13% of FY2012 revenues.

The Council also discussed a possible UTOPIA OPEX assessment. Staff recommends the assessment be funded from General Fund balance, so that it does not impact other services. Councilman Wright does not think Centerville should be responsible for more than the City's "pledge" percentage of 3.33%. Councilman Averett agrees. Councilman Allen suggested the fact that Centerville subscribers have paid the $2,750 upfront installation charge is an argument against increasing the assessment. Councilman Allen stated he would be comfortable with paying a little more. Councilman Wright feels UTOPIA administration has shown poor strategic planning. Councilman Averett stated that UTOPIA should stay within the pledging cities' boundaries. He feels expanding outside of the pledging cities signals defeat. Staff pointed out that expanding into an area such as downtown Salt Lake City, with potential business subscribers, could result in substantial net revenues.

Mr. Thacker and Mr. Lutz explained potential funding sources for the General Fund. Mr. Lutz reviewed sales tax projections that were made for the Council in 2008 and compared the projections to what actually happened due to the recession. He discussed a potential property tax increase and the impact an increase would have on a typical homeowner. It would be possible to increase the franchise tax on electric power and natural gas from 5% to 6%, generating an additional $140,000 annually. Mr. Thacker explained that it would take $1.5 million to accomplish all the deferred maintenance in the Five-Year Streets Maintenance Plan (expiring this year) that has not been completed. The cost of materials has increased significantly, reducing the buying power of the Class C Road Fund revenues received over the past 10 years.

Blaine Lutz listed major expenditure impacts anticipated in the future. He cautioned the Council about the need to increase spending for equipment. Mr. Thacker suggested that the $50,000 loaned to the Parks Capital Improvement Fund several years ago could be repaid to the General Fund to help fund street maintenance and other obligations. Council members indicated support for this.

In closing, City Manager Thacker made the following recommendations:

- Use General Fund reserves to restore the current streets project budget to $500,000.
- Approve timely increases in impact fees and enterprise funds – i.e., keep these funds healthy.
- Fund UTOPIA OPEX assessments from General Fund reserves, not current revenue.
- Implement a 1% franchise tax increase.
- Lobby legislators to increase transportation funding (Class C Road Fund); not alter the sales tax distribution formula; and allow UTOPIA to offer retail services.
- Do not balance the budget on the back of employees. Councilman Allen pointed out that City employees have faired better than many employees in the public sector. There is a lot to be said for job stability. Mr. Thacker pointed out that it is important to take the right approach in the discussion.
- Increase the property tax rate to restore historical buying power of that revenue source.
- Take the initiative away from the Utah Taxpayers Association with a proactive public education effort.
- Convert the Fire Agency to an independent taxing district to relieve some pressure on the City's budget.

ADJOURNMENT

At 9:40 p.m. Councilman Wright made a **motion** to adjourn the work session. Councilwoman Lindstrom seconded the motion, which passed by unanimous vote (5-0).

Marsha L. Morrow, City Recorder

2-5-2013
Date Approved

Katie Rust, Recording Secretary