

1 Minutes of the Centerville City Council **work session** held Tuesday, April 30, 2013 at 7:07 p.m.
2 in the Centerville City Council Chambers, 250 North Main Street, Centerville, Utah.

3
4 **MEMBERS PRESENT**

5
6 Mayor Ronald G. Russell

7
8 Council Members Justin Y. Allen
9 Ken Averett
10 John T. Higginson
11 Sherri Lyn Lindstrom
12 Lawrence Wright

13
14 **STAFF PRESENT**

15 Steve Thacker, City Manager
16 Blaine Lutz, Finance Director/Assistant City Manager
17 Lisa Romney, City Attorney
18 Katie Rust, Recording Secretary

19 **VISITORS**

Interested Citizens (see attached sign-in sheet)

20
21 **DISCUSSION REGARDING POSSIBILITY OF CONVERTING THE SOUTH DAVIS**
22 **METRO FIRE AGENCY TO SPECIAL DISTRICT**

23
24 Steve Thacker, City Manager, provided the Council with a proposed timeline for
25 transition of the South Davis Metro Fire Agency to a Local Fire District. The proposed timeline
26 would allow the district to have property tax authority beginning January 1, 2014. Blaine Lutz,
27 Finance Director, explained that fire assessments paid to the Fire Agency by Centerville have
28 increased at a faster rate over the last 20 years than property taxes collected by the City. As
29 the fire assessment increases, the amount available in the General Fund for other services
30 decreases. Councilman Averett asked why the Fire Agency operating costs are so high. Mr.
31 Lutz responded that growth has contributed. Mayor Russell added that the greatest expense in
32 any government agency is salaries, which the Agency increased in the last couple years to
33 remain competitive. Councilman Wright wonders if Centerville is paying too much for fire
34 services. Mayor Russell feels the Fire Agency is under-funded when compared to other entities
35 of comparable size. Councilman Averett asked who the Fire Agency is financially accountable
36 to. Mr. Thacker responded the Agency is accountable to the Board of Directors and audited
37 annually by an independent auditor. Councilman Wright asked if any performance reporting on
38 the Agency occurs. Mr. Thacker responded that staff can provide some comparative data to the
39 Council. Councilman Averett expressed an interest in knowing how the costs of the South
40 Davis Fire Agency compare to other entities of similar size.

41
42 Councilman Wright is concerned about the efficiency level of the Fire Agency, and
43 Councilmen Wright and Averett both expressed concern about the level of accountability if the
44 conversion occurs. City Manager Thacker explained the current budget review process. Mayor
45 Russell stated the amount of oversight desired can be achieved with either option. The big
46 difference between the current Fire Agency and the special district would be the lack of approval
47 by city councils regarding the assessment. The property tax rate with the independent taxing
48 entity would be approved by those appointed to the Board by the city councils. State law was
49 recently amended to allow a sufficient tax rate to fund the fire district, as well as allow elected
50 officials from each city to be appointed to the Board. A rate of .000988 would need to be
51 assessed within the service area of the district to provide the same funding as currently received

1 via assessments from each member entity. This compares to the current tax rate of .001165 in
2 Centerville.

3
4 An analysis of Advanced Life Support/paramedic level of service within Davis County in
5 2012 shows an inequality in the distribution of paramedic revenues between the South Davis
6 Metro Fire Agency, Layton City, and the County.

7
8 State law requires that if the conversion is made to a special district, the property tax
9 levied by the City must be reduced dollar-for-dollar. The Council has discussed the possibility of
10 increasing property taxes to fund other city services. Mr. Thacker advised the Council of the
11 public notice requirements involved and the effect timing will have on the process. Councilman
12 Wright is concerned about the accountability of an independent district and possible future tax
13 increases. Councilman Allen pointed out that the City currently compensates for the increasing
14 fire assessments by decreasing other services. The independent district would remove the
15 increasing strain on the City budget. Mayor Russell feels that once the tax rate is set, the
16 district would try harder to stay within its budget since it is more difficult to justify a tax increase
17 to the public. Mr. Thacker feels the press and the public pay less attention to tax increases from
18 independent districts than from city governments.

19
20 Several years ago Bountiful chose to pay its fair share of Fire Agency debt in a lump
21 sum, and does not currently contribute to existing debt payments. Law requires that tax rates
22 levied by an independent district must be equal across all members. Mr. Thacker mentioned
23 options that would exempt Bountiful from having to pay again for existing debt. Mr. Thacker
24 also mentioned that the Legislature will be considering a local option gas tax during the next
25 session that, if enacted, could help fund street maintenance.

26
27 Councilman Averett asked Steve Thacker for his position on the issue. City Manager
28 Thacker stated that from a budget standpoint he supports an independent fire taxing district to
29 avoid taking City funds from other services. It has been his experience that special taxing
30 districts are not always sufficiently accountable to the public. However, he feels this situation is
31 different than he has seen in the past, with a potential for improved accountability. Mayor
32 Russell stated that Bountiful will control the voting in either scenario. The Mayor does not feel
33 enough information has been provided to make a decision. He feels benchmark information
34 would be useful in terms of level of service. He thinks it will be helpful to the City's budget to
35 remove the fire assessment, and does not feel that having city councils involved necessarily
36 provides effective control. The Mayor does not feel increasing the tax rate in the future would
37 be easy for the independent district.

38
39 Councilman Averett asked Blaine Lutz for his opinion. Mr. Lutz feels the fire assessment
40 is eroding city revenues, and from a budget standpoint the independent district is a good idea.
41 The City would have a better ability in the long-term to provide services. He thinks it would
42 probably be politically easier for a fire district to pass a tax increase than a city. If the fire
43 assessments are not removed from the city budgets, cities will have to find a way to increase
44 revenues to continue paying the assessments to keep the current level of service. With an
45 independent district there may be some increase in taxes over time, but there will have to be
46 either increased revenue or decreased level of service in the future. Fire services grow faster in
47 cost than other services.

48
49 Councilman Wright asked if citizens would have the right to a referendum in a taxing
50 district. Mr. Thacker stated it is his understanding they would. The threshold would have to be
51 met by the entire district. Councilman Wright feels it is important to look at how the money is

1 used and be accountable to the people. He feels there is an obligation to justify a tax increase.
2 He suggested the City probably should have been more open with residents by explaining that
3 the increasing budget requirements of the fire district are imposing on the City's tax base.
4 Councilman Wright feels the Mayor has a responsibility as the City's representative on the
5 Board to make sure that the fire district is acting efficiently. He is in favor of proposing that a
6 performance review method be put in place. Steve Thacker suggested it would be helpful to
7 see how the total budget of the Fire Agency has increased year by year in addition to how
8 Centerville's assessment amount has increased.

9
10 Councilman Allen thinks converting to an independent fire taxing district is probably a
11 slightly better scenario from a transparency standpoint, but does not feel there is enough time to
12 provide sufficient information and resolve issues before the end of the year. He would vote to
13 push the decision out a year to have time to adequately go through the process. Councilman
14 Averett feels the budget constraints faced by the City can be blamed on UTOPIA. If the City did
15 not have the UTOPIA obligation the increases in the fire assessment and costs of road
16 maintenance would not be as painful. He wonders if UTOPIA could be similarly separated as
17 an independent taxing district to remove it from the City budget. He does not think the average
18 citizen understands what UTOPIA is costing the City. Mayor Russell stated the Council would
19 be considering the fire district issue regardless of UTOPIA. Centerville is the only UTOPIA
20 member city within the fire district. Centerville cannot control the amount of an increase that
21 occurs in the Fire Agency's budget. The formula by which the assessment is determined
22 depends on the property values in the City, which are rebalanced each year. Councilman
23 Wright asked if the fire district has a strategic plan. He feels if a plan is in place the City could
24 be prepared and not surprised by the assessment amount. Councilman Allen pointed out that
25 there are many unknown variables involved beyond what a strategic plan could put in place.
26 Mayor Russell confirmed the Fire Agency has a strategic plan for equipment maintenance,
27 which has been substantially under-funded for many years. Councilman Wright feels the district
28 has an ability to forecast the number of fires, equipment costs, and capital needs requirements
29 for budget purposes. The Mayor repeated that the biggest variable in the fire district budget
30 each year is personnel costs.

31
32 Councilman Wright suggested utilizing volunteer fire fighters as a way to bring down
33 costs. Mr. Thacker would like to see an evaluation of the fire district's work load versus staffing.
34 An adjustment in staffing to better match the work load could result in cost savings. Fire fighters
35 usually work 24-hours shifts, which allows them to be able to work for more than one fire agency
36 at a time. He knows the Fire Chief feels the stations are already minimally staffed. Mayor
37 Russell stated it is a level of service question. Councilwoman Lindstrom knows of volunteer fire
38 fighting situations where the volunteers have not shown up, creating a reliability issue. Mayor
39 Russell added that cities with full-time fire services have a different insurance rating than cities
40 with volunteer fire services. In defense of the 24-hour shift pattern, Councilman Averett stated
41 he knows fire fighters stay busily engaged in working on skills and maintaining equipment during
42 their down-time. Councilman Wright asked how many fire fighters are employed by more than
43 one agency. Steve Thacker responded that most of the Agency's part-time employees work for
44 more than one agency. Mr. Thacker stated that Centerville is spending less for fire services
45 compared to national standards. The Mayor feels the fire district is well run and regularly
46 monitored. Councilman Wright would like to know if assessments to each city proportionately
47 match the services they are receiving. Mayor Russell stated there is a certain level of overhead
48 cost involved with maintaining fire stations independent of who receives more calls.

1 Councilman Higginson feels that efficiency could be increased and costs reduced
2 whether or not the Fire Agency is converted to a separate district. His initial reaction is to
3 oppose any independent taxing entity without sufficient accountability, but he is willing to learn
4 more about possible benefits. The Mayor and staff will gather more information to bring to the
5 Council. Councilman Wright feels a number of cities have done very well reducing costs by
6 using the Baldrige criteria. He wants to look internally first to improve efficiency before resorting
7 to tax increases. Mr. Thacker cautioned against short-changing what he feels has been an
8 attempt to run an efficient organization. Councilman Averett does not expect staff to
9 micromanage the fire district or any city service provider, but feels the right questions should be
10 asked to ensure efficiency. Councilman Higginson feels it is important to acknowledge what is
11 done well. He stated that Centerville is run very well and Mr. Thacker does a great job.
12 Councilman Wright feels it is sometimes good to have other eyes looking at what is done. He
13 would like to have a system of metrics from which to measure and provide visibility.

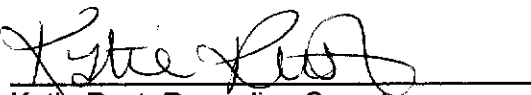
14
15 **ADJOURNMENT**

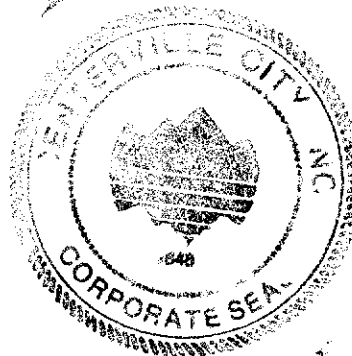
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17 At 9:00 p.m. Councilman Wright made a **motion** to adjourn the work session.
18 Councilman Higginson seconded the motion, which passed by unanimous vote (5-0).

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23
24 Marsha L. Morrow, City Recorder

6-19-13

Date Approved

25
26
27
28 
29
30 Katie Rust, Recording Secretary



CENTERVILLE CITY COUNCIL MEETING

Tuesday, April 30, 2013
7:00 p.m.

NAME (PLEASE PRINT)

ADDRESS**

~~Lee Skabelund~~
Lisa Sommer
Christie Slagowski
Tami Lyn Fillmore

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** 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.