

1 Minutes of the **Centerville City Council work session** held Tuesday, May 28, 2013 at 6:00 p.m. in
2 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 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 Kathy Streadbeck, Recording Secretary

18
19 **DISCUSSION - FY 2014 Tentative Budget**

20
21 ***Enterprise Funds***

22
23 Steve Thacker, City Manager, explained two (2) years ago the City Council approved a three-
24 step rate increase for the Water Fund. FY 2014 will conclude that process. The City is hopeful no
25 additional increase will be needed in FY 2015, but some long-range planning may be beneficial.

26
27 Blaine Lutz, Finance Director, reviewed the Sanitation Fund. Staff recommends a 5%
28 increase. He distributed a graph showing the fund balances since 2007. The proposed increase will
29 bring the fund balance to approximately \$30,000 by the end of FY 2014. He explained the trash cans
30 have lasted longer than expected, but it is likely many will need to be replaced in the near future. In
31 addition, the contract for the sanitation company includes a 2% increase in FY 2014. The proposed
32 5% increase should adequately cover these needed expenses. A majority of the Council agreed the
33 proposed 5% increase is reasonable.

34
35 Steve Thacker reviewed the Drainage Fund. He reported the City Council authorized Lewis &
36 Young, a financial advisory firm, to prepare a long-term financial sustainability plan. However,
37 before this can happen the City Engineer needs to complete and update the drainage master plans.
38 The purpose of the update and subsequent study is to make recommendations for future drainage
39 utility rates to cover both maintenance and improvements. Although it may be several months before
40 the study is complete, staff recommends an incremental increase of 12.5% be included in the FY
41 2014 Budget. This may seem excessive but in reality this translates to somewhere between \$0.75 -
42 \$1.25 increase per residential customer per month, depending on whether the home is in a subdrain
43 district. There has not been a rate increase in the storm drain fees since 1999 and there has been no
44 increase to the sub-drain fee since 2001. There are several current drainage projects and
45 improvements including Woods Park Subdivision, the railroad project, and the clean-up of flooded

1 basements. Current Drainage Fund revenues will not be sufficient to cover these costs as well as
2 projects and improvements that are projected for the future. If there is not enough money for
3 drainage projects within the drainage budget, then funds get pulled from the General Fund.

4
5 Mayor Russell agreed the proposed increase is reasonable and necessary. However, he also
6 encouraged the City to charge the sub-drain increase to only those customers that use the sub-drain
7 system.

8
9 Councilman Wright said he is not comfortable increasing rates on assumptions. He would
10 prefer to wait until the financial sustainability plan is complete.

11
12 Councilman Allen said he agrees with staff's recommendations, but also pointed out that the
13 Council could raise these rates at anytime. It does not have to be in conjunction with this budget. He
14 suggested the Council wait a few months for the drainage master plan update and financial study
15 before making any final decisions. The Council agreed.

16
17 ***Employee Compensation***
18

19 Steve Thacker distributed additional information including average annual pay raise increases
20 for the U.S. (2.5%) and Utah (2.7%) over the past eight years and the pay increases anticipated this
21 year for other cities in the county (average 2.65%). Centerville City's average increase is
22 approximately 3% over that period. Staff provided two Merit Increase options within the Meets or
23 Exceeds Expectations category only. Option 1 would require a 2% increase in total wages and
24 Option 2 would require a 2.5% increase in total wages. Mr. Thacker also discussed options for
25 reducing the fund even more by eliminating the sustained outstanding performance increase.

26
27 Councilwoman Lindstrom, Councilman Allen, and Councilman Averett agreed that option 1
28 increasing the fund by 2% is reasonable. Councilman Wright said he would like to discuss all other
29 budget issues before deciding on employee compensation. He is unsure that employee compensation
30 is the best location for funding at this time.

31
32 ***Justice Court Judge***
33

34 Steve Thacker reviewed a letter from the Administrative Office of the Courts. According to
35 the letter the workload of Centerville's Judge is 42% of a full-time judge which requires
36 compensation between \$28,308-50,954.40. Centerville's Judge works one day a week. Although
37 staff may not agree with how the workload is calculated, Judge Miller's current salary of \$40,425
38 falls within the recommended range. The Judge is entitled to the same raise as other City employees
39 each year. Therefore, staff recommends the 3rd Quartile be applied to the Judge's salary.

40
41 ***Elected Officials***
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43 Steve Thacker said per City ordinance the elected official's compensation is not to be
44 reviewed until 2014. At that time staff will gather appropriate data and make a recommendation.

UTOPIA

Mayor Russell reviewed an email sent from Lisa Romney, City Attorney, regarding the Interlocal Cooperative Agreement with UIA. The Agreement states each member city will pay annual dues and working capital per the UIA Board of Directors and subject to each City's budgetary processes and approvals. He said staff recommends budget be allotted per the formula assessed by the UIA Board (50/50) because this is what Centerville was assessed.

Councilman Wright said he does not agree that Centerville is required to pay working capital. The City should not agree to pay anymore than the 3.5% they are already paying, and that should only be approved if UIA can prove appropriate business management practices and show how and where the money is being used. He would feel more comfortable providing funds if UIA was on a better management path, using the Baldrige model or something similar.

Councilman Allen agreed the 3.5% is reasonable, but does not agree with a hard line on business management practices. This may not be the best approach.

Steve Thacker said UTOPIA is generating more revenues from customers and the trend is projected to continue to rise. UIA using prior bond funding for some of the operating subsidy because not all member cities are paying their portion of the assessment. Blaine Lutz said UIA has shown some reductions to their operating budget. It is projected they will cut \$45,000 per month by the end of summer. It is also projected that 2016 is the breakeven point for UTOPIA operating costs. He also explained the industry is constantly changing and it is possible UTOPIA could achieve break even sooner than expected. Council members disagreed on whether they should pay their portion of the assessment and at what percent.

Mayor Russell said that lowering operating costs further could stunt their ability to grow. He suggested meeting with the UIA Board to discuss options regarding strategic planning/improvement process instead of using Centerville's assessment as leverage. He invited Councilman Wright to be a part of these discussions.

Councilman Higginson said the best interest for Centerville is for UTOPIA to be successful. He is unsure it is necessary to jump to the 50/50 agreement and questioned if Centerville is legally bound to contribute that amount. He likes the message Centerville sent by agreeing to pay only 3.5%. He said it does not seem likely that any member city could force a quality business management plan, but agreed UIA should continue to reduce their operating expenses.

Councilwoman Lindstrom said UTOPIA is already stretched thin and incorporating a new business model at this time may cause more harm than good. It is better to continue to watch and pay the necessary working capital assessments in order to help them succeed. She supports staff's recommendations.

Councilman Allen said it is best to be a good partner and help UTOPIA succeed. He also agreed the Mayor and Councilman Wright should meet with Board members and management to

1 discuss options regarding business management. This is a better approach than withholding the
2 assessment.

3
4 Councilman Averett said 3.5% may be reasonable but he does not agree with paying 50/50 as
5 suggested by staff. Originally, there were eleven (11) member cities contributing; now there are only
6 half contributing. It may be in the best interest of Centerville to continue contributing but it is also in
7 the best interest of Centerville to be financially responsible. This issue is going on ten (10) years
8 now. This is one of the hard choices facing the City. He said he is not willing to pay any more than
9 3.5%. This honors Centerville's original commitment.

10
11 ***Equipment***
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13 Steve Thacker reviewed the capital equipment requests. No department is being granted all
14 that they have requested. He explained the City will be able to replace two dump trucks with one
15 larger truck using a 5-year lease-purchase option.

16
17 Councilman Allen said there are several crosswalk issues. Once a plan is in place are there
18 any funds to help solve these issues? Steve Thacker recommended the Contingency Budget for
19 crosswalk enhancements. Staff is currently researching options and will report back to the Council in
20 the future.

21
22 Councilman Wright questioned if the Police Department could get along without any new
23 vehicles this year. He also asked if there is a database or list of all City equipment.

24
25 Councilman Allen said he is comfortable allowing three vehicles, but if another budget item
26 proves to be more important he is also comfortable lowering that number to two (2). He said staff has
27 done a great job of being judicious with equipment requests.

28
29 Steve Thacker said the Police Department was given less vehicles than requested last year
30 and this year they are requesting four (4) new vehicles and staff recommended only three (3) be
31 funded. He explained there is a point at which vehicle maintenance becomes more costly than buying
32 a new vehicle. The Police Department fleet replacement schedule has already been stretched out.
33 The Police Department has a fleet of eighteen (18) vehicles. He does not recommend suspending
34 their request all together.

35
36 ***Whitaker Museum***
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38 The Council reviewed the Whitaker Museum 2013-2014 Goals dated March 26, 2013 as
39 submitted by the Museum Board. This list of goals includes a request to hire a Museum Director to
40 be paid \$20,000 annually for 20-hours a week to run the Museum for a monthly stipend of \$600 a
41 month (\$7,200 yearly). The Tentative Budget includes funding for a Museum Director.

42
43 Councilman Wright said the level of programs and activities at the Museum since its recent
44 opening is significant. The volunteers have done an excellent job and it will take a Museum Director

1 to continue to manage these efforts. He believes \$20,000 is appropriate to hire someone capable of
2 running the Museum. This Museum Director will oversee the volunteers and programs in addition to
3 generating income by raising funds and writing grants. In addition, he also recommends the City
4 provide budget for the cost of maintaining the Whitaker Home yearly.

5
6 The Council reviewed the list of duties a Museum Director would be responsible for. Several
7 Council members and staff said some of these duties could possibly be done by existing City
8 employees, reducing the number of hours needed for a Museum Director. The Council discussed
9 other hourly positions including the Baseball Director and the Recreation Directors. The Council also
10 discussed the newness of the Museum may be why it is so busy, but this could taper off in the future
11 requiring less from a Museum Director. It may not be possible for the Museum to maintain this level
12 of attendance in the years to come. A majority of the Council agreed \$20,000 is too great for such a
13 position. The Council also questioned the liability of hiring a 20-hour a week employee. Does this
14 rise to a level where benefits, retirement, unemployment, or other issues could arise? Steve Thacker
15 suggested the hours of work required for such a position be less than twenty hours, to avoid some of
16 this.

17
18 Councilman Allen suggested \$8,000 for the paid Museum Director position with an option to
19 pay a commission on income generated for the Museum. Councilman Averett said he is not
20 comfortable paying a new employee \$20,000 a year when there are already proposed cuts on existing
21 employee compensation, city projects, and equipment. He said he would be amenable to allowing
22 \$8,000 annually if necessary. Councilwoman Lindstrom said if the City is to hire any new employee
23 it should be a police officer. She wants to support the Museum, but \$20,000 is too great. Mayor
24 Russell said the Museum and its program have been a great addition to the community. He
25 recommended the City support the Museum, but in a way that makes fiscal sense.

26
27 Councilman Wright said anything less than \$20,000 will put the Museum program at risk. He
28 suggested having the Museum Board come to the next City Council meeting to discuss their goals
29 and budget requests. The Council agreed to have the Museum Board come to the City Council work
30 session on June 4, 2013.

31
32 ***Centennial Book***
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34 Steve Thacker said the Centennial Book Committee told the City Council they needed a
35 budget of \$45,000 for this project, and they hoped half would come from City funds. Staff suggests
36 allowing \$10,000 in this budget (FY 2014) and \$10,000 in next year's budget (FY 2015). The book
37 is being compiled by volunteers. Mayor Russell recommended eliminating this allocation from the
38 budget at this time, and deal with their request as the need arises, considering the use of contingency
39 funds. The Council agreed.

40
41 ***June 18, 2013 Regular City Council Meeting***
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43 The Council agreed to meet at 5:30 p.m. on June 4, 2013 for a work session prior to their
44 regular council meeting.

1 The Council agreed to move the regular City Council meeting scheduled for Tuesday, June
2 18, 2013 to Wednesday, June 19, 2013. This will ensure full attendance of the Council for the
3 adoption of the Final Budget.

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5 At 9:15 p.m. the meeting adjourned.

6
7 *Marsha L. Morrow*

8
9 Marsha L. Morrow, City Recorder

6-4-2013

Date Approved

10
11 *Kathleen Streadbeck*

12
13 Kathleen Streadbeck, Recording Secretary

