

1 Minutes of the Centerville City Council **work session** held Tuesday, June 11, 2013 at 8:36 p.m.
2 in the Centerville City Council Chambers, 250 North Main Street, Centerville, Utah.

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4 **MEMBERS PRESENT**

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6 Mayor Ronald G. Russell

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

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14 **STAFF PRESENT** Steve Thacker, City Manager
15 Katie Rust, Recording Secretary

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17 **FY 2013-2014 BUDGET WORK SESSION**

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19 **Revisions to Tentative Budget line items recommended by staff or Council**

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21 Staff has identified several possible reductions to Tentative Budget line items. Elevator
22 maintenance will occur quarterly rather than monthly. Councilman Averett suggested a protocol
23 requiring maintenance contracts over a certain dollar value be rebid every year or two. A
24 portion of the Emergency Management budget can be funded from grant money rather than the
25 General Fund. Steve Thacker, City Manager, explained the property tax revenue estimate will
26 be reduced based on the County certified rate. Mr. Thacker also suggested moving the \$10,000
27 for the Centennial Book into the Contingency Account, based on the Council's earlier decision to
28 not budget a specific amount at this time for the Book project. If an increase in the Fire District
29 assessment occurs mid-fiscal year, the additional amount could be drawn from the Contingency
30 Account.

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32 **Whitaker Museum Budget**

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34 Mayor Russell recommended the Council shift the \$5,800 set aside for projects in the
35 Whitaker Museum budget to the amount for a director salary, and add additional funds for the
36 director salary to bring the amount to \$15,000 or \$16,000. Councilman Wright stated he would
37 like to see the Whitaker Museum budget funded at the level the Board requested. In the interest
38 of reducing expenses to fully fund the Museum budget, Councilman Wright suggested looking at
39 eliminating the City newsletter, and stated he wonders if the City needs such a robust recreation
40 program.

41
42 Councilman Wright indicated disapproval that the UTOPIA operating assessment was
43 paid in FY 2013 despite the fact that UTOPIA did not implement a Baldrige or similar program,
44 which he feels was a condition of the motion to be complied with before payment. Council
45 members Lindstrom, Allen, and Higginson indicated they did not feel it was the intent of the
46 condition of the motion to withhold payment pending compliance. They recognize there were
47 operating expenses that needed to be paid. No time limit was placed on the condition.
48 Councilman Wright feels City Manager Thacker was operating outside of the limits set by the
49 Council when he paid the operating assessment in FY 2013. Mr. Thacker responded that he
50 presented the Council's condition to the UIA Board and the city managers, and reported back to
51 the City Council. The first assessment statement arrived from UIA shortly after the motion was

made. There had not been time to comply with the condition. With no specific time limit placed on the condition, Mr. Thacker was put in a difficult position. Council members Lindstrom, Allen, and Higginson do not feel Mr. Thacker was acting against the Council's wishes when he paid the assessment in FY 2013. Councilman Wright feels Mr. Thacker acted counter to how the Council voted. Councilman Allen countered that the right course of action was not clear. Councilman Higginson stated that UTOPIA could not have acted overnight to adopt the Baldrige Criteria. The point of the motion he made on February 5, 2013 was to send the message that the Council wanted them to become more streamlined, with a plan in place. Councilman Higginson said the problem is that Centerville only represents 3% of the vote and does not control the decisions made. The purpose of the condition in his motion was to show that Centerville will not be pushed around, but will be a team player.

Bringing the discussion back to the Whitaker Museum budget, Councilman Averett stated he feels the question is whether or not the Council wants to fund the Museum to the level requested by the Board and take that money from somewhere else in the budget. Councilman Averett supports the Tentative Budget amount for the Museum as prepared by Mr. Thacker. Mayor Russell stated it is easier to raise funds for projects than for salaries, and again suggested the Council shift funds from the project line to the director salary line. A professional director would be able to submit grant applications and raise funds to cover the project costs. Mr. Thacker commented he does not think too much weight should be placed on the individual amounts specified for each item in the Museum budget, and suggested the Board be allowed to allocate the funds as they see fit. Councilman Averett stated he is fine with the Board using the funds as they see fit as long as they do not come back asking for more to cover operating expenses later in the year. Councilwoman Lindstrom voiced the concern that it is difficult to scale back a position after taking it to a certain point. The Mayor commented the director salary is viewed by the Museum Board as a validation of what they have done, and they feel it is impractical to expect all the work to continue on a volunteer basis. Mayor Russell feels it is worth giving the Board support -giving them something more than is in the Tentative Budget but something less than they are asking for. Steve Thacker feels it is important to hold the director position to less than 20 hours to avoid added benefit costs. Councilwoman Lindstrom and the Mayor agreed. Councilwoman Lindstrom would like the Board to have enough money to have a shot at being successful. She has concerns about the Council going all out and then not wanting to sustain that level of funding over time. There are citizens who feel the director position should remain voluntary. She does not agree with adding a new position for \$20,000, and not giving raises to long-term City employees. Councilwoman Lindstrom could support the Mayor's suggestion, but agrees with Councilman Averett that if all of the money in the Museum budget goes into paying a director, she would not want the Board to come back later asking for more.

Councilman Allen asked how much the City pays the Mayor each month, and was informed by staff the Mayor is paid \$1,000 per month. Councilman Higginson feels the Board is doing a great job and his initial reaction was to want to give them the additional funding. He stated the only thing that has caused him to rethink, has been the fact that the Whitaker Museum budget is the only thing Councilman Wright has wanted to fully fund. He feels Councilman Wright has pushed back on everything the Council has discussed in the budget except the Whitaker Museum budget. It has prompted him to look closer. Councilman Wright commented that only one person has come to the meetings and commented against, yet many have spoken in favor of funding a Museum director. Councilman Wright feels the requested \$20,000 has already been scaled back from what the Board would like, and suggested more would be required to fully fund a director position.

Councilwoman Lindstrom stated the City has already put a lot of money into the Whitaker Museum. Councilman Allen suggested the Council fund the director position at \$1,000 per month this year and look at it again next year. Councilman Wright stated the Board is more informed regarding the Museum than the Council and he feels Councilman Allen's suggestion throws out their work and experience. Councilman Allen responded that it is a new program, and he does not feel comfortable putting more into a director position than the Mayor is paid. He would like to see another year of the program before discussing additional compensation. Mayor Russell repeated his suggestion to add the \$5,800 set aside for projects to the \$8,000 in the Tentative Budget for the director salary, and add a little more to bring it to around \$15,000. The Council and staff discussed hourly rates and hours per week to arrive at a reasonable salary. Mr. Thacker feels the position is comparable to the skills and experience necessary for the City's Recreation Coordinator, which has a beginning salary of a little below \$16 an hour. Mayor Russell suggested \$20 an hour and 15 hours a week, which equals around \$15,000 or \$16,000. The Museum Board has expressed the opinion that that would not be enough to attract someone with the right qualifications, but the Mayor feels they could try. Councilman Higginson stated he likes people to govern themselves, and does not like micromanaging. He would like to give the Board more autonomy, not necessarily giving them the full \$20,000, but he thinks \$1,000 per month is not enough. He would like to show support, with some scrutiny, and is comfortable with making around \$15,000 available for a director. Councilman Wright stated if the Council approves between \$17,000 and \$19,000 he believes the Board could make it work. Councilman Averett could support adding the \$5,800 to the \$8,000 already allocated for the director. Councilman Wright agrees with Councilman Higginson about giving the Board the responsibility, and feels the Council should give them the money they have asked for. Councilwoman Lindstrom commented that new police officers are hired at a little over \$17 per hour, and they put their life on the line for every citizen in the community. She has a hard time supporting more than that amount for a Museum director. Mr. Thacker proposed adding the \$8,000 already allocated for a director, the \$5,800 allocated for projects and an additional infusion of \$2,700, for a director salary of \$15,000 (\$16,500 including payroll related costs). Council members Averett, Lindstrom, and Allen supported the suggestion. Councilman Higginson stated he would like a little more.

UTOPIA Operating Assessment

Councilman Wright does not feel the UIA operating assessment is a bill the City is required to pay. He believes the City Attorney stated the City is not legally required to pay the operating assessment. Mayor Russell responded that the City Attorney said the legal responsibility to pay is unclear. Councilman Wright feels Mr. Thacker should not have treated the assessment as a bill that had to be paid. Councilman Wright does not think assessing more from the cities is the appropriate way to handle operating expenses. Councilwoman Lindstrom reminded the Council that the UIA Board chose to assess the operating expenses from the cities when the State Legislature scrutinized and criticized the practice of paying operating expenses with bond money. Councilman Wright feels the motion made on February 5, 2013 clearly required UTOPIA to adopt the Baldrige or similar program prior to the City's payment of the operating assessment. Councilman Wright feels UTOPIA has no accountability or metrics to measure performance. Councilman Allen stated UTOPIA and the UIA Board already have efficiency processes in place. Mr. Thacker added that they have significantly reduced expenses.

1 Councilman Wright stated the City Manager has a responsibility to uphold decisions made by
2 the Council. He does not personally believe that happened in this case, and he intends to
3 pursue it. He feels the Proposed Budget does not reflect decisions made by Council. Mayor
4 Russell reminded Councilman Wright that the Proposed Budget is a recommendation made by
5 the City Manager, which the Council can alter and change. Councilman Wright will oppose the
6 \$163,000 for UTOPIA operating expenses until there is more visibility and metrics to measure
7 performance. He does not have faith that Mr. Thacker will make sure UTOPIA adopts the
8 Baldrige Criteria as a condition of payment. Mr. Thacker explained the timeline and process
9 involved with the operating assessment for the last five months of FY 2013. He also reminded
10 the Council that he reported to them after his conversation with the city managers regarding the
11 Council's condition that the Baldrige or similar program be implemented. The city managers
12 were not in favor of initiating the Baldrige process at that time. It was Mr. Thacker's perception
13 that paying the 3.5% version of the assessment for the remaining months of FY 2013 would be
14 in accordance with the Council's intent, realizing the Council would discuss this matter again
15 before appropriating funding for this purpose in the FY 2014 Budget. Mayor Russell stated he
16 believes the City is obligated to pay the money assessed by the UIA Board. Councilman
17 Higginson agreed. Councilman Allen does not feel it is required. He believes the Council can
18 choose to be difficult and not pay. Councilman Wright wants to change the culture at UTOPIA
19 that looks at appropriation as the first line of defense. Mr. Thacker stated he knows UTOPIA
20 spent months scrutinizing expenses and lowering them. Councilman Wright knows they looked
21 at costs, but did not look at anything that drove performance. Councilman Wright wants to know
22 their business plan. He wants to stop the group-think, and wants experts to put together a
23 business theory that will work.

24
25 Councilwoman Lindstrom stated it is possible the Council members have heard
26 Councilman Wright talk about this several times and still don't agree with him. She
27 acknowledged that there is some logic in what Councilman Wright is saying, but she does not
28 feel the operating assessment is the place to fight the battle. She has regard for what UTOPIA
29 has already scrutinized, and she has regard for the Legislature's request that operating
30 expenses not be paid with bond money. She is tired of having the same discussion over and
31 over again. Councilman Allen agreed that this conversation has happened many times. He
32 believes the UIA Board has looked at ways to move ahead in the future. He does not believe
33 they are ignorant that change is needed. They have gone to the effort to be as lean as possible.
34 Councilman Allen has seen a strategic plan that analyzes many different options. Mayor
35 Russell stated the current plan is to build in areas that are most likely to generate the most
36 revenue so that the operating assessment can be eliminated. Operating costs are dropping
37 each month, and the plan is having the intended effect. Councilman Allen feels that if the
38 Council wants to have an impact with the Board they will be more effective if they cooperate.
39 Councilman Averett believes UTOPIA has indicated they are open to the idea of adopting the
40 Baldrige program, and does not feel the operating assessment is the place to fight that fight. He
41 feels the Council has sent the message, and whether or not UTOPIA chooses to adopt it is their
42 choice. Councilman Averett does not view the assessment as a bill, and feels that this Council
43 or any future Council could choose to not fund UTOPIA at all. He feels staff needs to follow the
44 direction of the Council. Councilman Allen agrees. He does not remember a timeline being
45 attached to the condition regarding when a plan would have to be put in place in order for the
46 City to pay the money. The motion was not specific.

47
48 The \$163,000 assessment is listed in the Tentative Budget as coming from the General
49 Fund balance or reserves. Mr. Thacker is optimistic that City revenues will increase and add to
50 the General Fund balance to help offset the expense. Councilmen Wright and Averett indicated

opposition for the assessment, and Council members Lindstrom, Allen, and Higginson indicated a vote in support. Councilman Higginson views it to be a legal obligation because in the Agreement approved by the Council they agreed to pay annual dues and working capital assessments. Councilman Wright feels the line in the Agreement stating "subject to City's budget" means the City is not obligated. Councilman Allen agrees, but feels UTOPIA could impose consequences for not cooperating. Councilman Higginson pointed out the City paid less than the amount assessed for the last five months of FY 2013. In UTOPIA's books the City is still liable for the full assessment. Councilman Higginson approves of paying the assessment contingent upon it being a loan. It is important to do what the City can to make UTOPIA successful. It would be far worse than paying the assessment if UTOPIA were to fail.

Employee Compensation

At the end of the last discussion regarding employee compensation there was majority support for a 2% increase and another 0.5% increase for the bonus pool. Councilman Averett stated he is in favor of 1.5% increases plus the 0.5% for the bonus pool. Councilman Allen stated he is fine with the 2% plus 0.5%, which is already scaled back from the original proposal. Councilwoman Lindstrom is comfortable with 2% plus 0.5% considering the changes in employee insurance benefits. The City's contribution to retirement has gone up to stabilize the State Retirement Fund, but the retirement benefits have not increased for individual employees. Councilman Higginson pointed out the proposed amount is less than the average, and he supports the 2% and 0.5%, to compensate for the insurance benefit changes. City Manager Thacker will tell employees at an upcoming meeting that there is tentative majority Council support for the 2% and 0.5%, but a vote has not yet occurred. The Justice Court Judge would be eligible for the 2% increase.

ADJOURNMENT

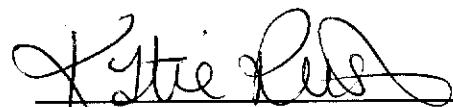
The work session was adjourned at 10:00 p.m. The Council will meet next on Wednesday, June 19, 2013.



Marsha L. Morrow, City Recorder

7-2-2013

Date Approved



Katie Rust, Recording Secretary

