

**MINUTES OF LAYTON CITY
COUNCIL WORK MEETING**

DECEMBER 4, 2014; 5:34 P.M.

**MAYOR AND COUNCILMEMBERS
PRESENT:**

**MAYOR BOB STEVENSON, JOYCE BROWN,
TOM DAY, JORY FRANCIS, SCOTT FREITAG
AND JOY PETRO**

STAFF PRESENT:

**ALEX JENSEN, GARY CRANE, TRACY
PROBERT, BILL WRIGHT, KENT ANDERSEN,
DEAN HUNT AND THIEDA WELLMAN**

The meeting was held in the Council Conference Room of the Layton City Center.

Mayor Stevenson opened the meeting and turned the time over to Staff.

AGENDA:

2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND AUDIT REPORTS

Tracy Probert, Finance Director, indicated that a copy of the CAFR had been placed in the Council Dropbox. Tracy said the General Fund unassigned fund balance at the end of the 2013-2014 fiscal year was 17.35% compared to 18.1% the previous year. He indicated that the Enterprise Funds were in good shape.

Tracy said sales tax revenue increased \$609,440 over the previous year and revenue exceeded expenditures by \$240,105, which was added to fund balance instead of having to use fund balance as planned in the budget. He said the unassigned fund balance was \$5,155,535. Tracy reviewed General Fund revenues and indicated that there were major increases in sales tax and energy tax revenues.

Mayor Stevenson said relative to property tax, a lot of places in Layton had major tax increases last year. He asked how that played into the City's allotment.

Tracy explained how property tax rates changed to keep revenues the same with the exception of new growth. He said if someone had a rate increase someone else would have a rate decrease to keep revenues equal.

Council and Staff discussed the calculation of property tax.

Tracy reviewed General Fund departmental expenditures for the year. He indicated that overall individual departments saved 2.78% in their budgets for the year.

Mayor Stevenson said the employees and departments should be commended for meeting the challenge and saving money.

Councilmember Brown mentioned that the property tax rates for the last few years were included in the CAFR.

Tracy said the statistical section of the CAFR included a lot of useful information, as did the manager's discussion and analysis.

Tracy reviewed Enterprise Funds. He indicated that all Enterprise Funds had net income except the pool.

Councilmember Francis asked about the status of the Street Lighting Fund; was the City managing the lights.

Alex Jensen, City Manager, said the City was managing new build, but hadn't purchased the existing system from Rocky Mountain Power. He said there wasn't enough money in the fund to do that because of projects, but Staff felt that it should still happen.

Tracy reviewed Impact Fee Fund balances at the end of the year.

Alex indicated that these balances were cumulative balances, not what was received in 2014.

Rob Wood, Hansen Bradshaw Malmrose & Erickson, reviewed the audit reports included in the CAFR. He indicated that there were no material misstatements. Mr. Wood said they gave a clean opinion of the financial statements, which was the best opinion they could give the City. He indicated that the City had a great Finance Department in how they accounted for the City's monies. Mr. Wood indicated that the independent auditor's report on internal control noted no issues with internal control, and there were no compliance issues. He reviewed State compliance audit guidelines and those things that were audited relative to State funds; there were no issues to report.

Councilmember Freitag said relative to the sales tax pledge for UTOPIA, how did that play into the audit and financial statements.

Mr. Wood said there was a new GASB standard coming out, GASB 70, and Murray City, which was a UTOPIA city, posed the question about when the debt of another entity that was backed by the cities became the cities' debt. He said the question was submitted to Stephen Gauthier, with the National Government Finance Officers Association (GFOA), and his professional opinion was that the debt should not be recorded by any of the member cities because it was not their debt, the pledged revenue could potentially go away. Mr. Wood said there were full disclosures in the notes section of the report that explained the details of UTOPIA, and the City's commitment.

Councilmember Freitag said he would like to have a discussion in a future meeting about bonds; the City's bond rating, the percentages that were paid, and what made good financial sense in the City's capacity to expend additional bonds.

Alex Jensen, City Manager, said Staff had done some of that analysis previously. He said Staff would be happy to bring that information back to the Council.

AUTHORIZE THE EXECUTION OF AN ADDENDUM TO AN AGREEMENT WITH HARRIS ERP FOR THE INNOPRISE FINANCIAL SYSTEM – RESOLUTION 14-74

Tracy Probert said in the 2015 budget there was money budgeted for the Finance Department to look for a new financial accounting system. He said the company the City was currently contracted with, Harris, provided the City with a very good option to upgrade to a new financial system that would cover all financial aspects including general ledger, accounts payable, accounts receivable, payroll, HR, fixed assets, inventory, and it would cover utility billing. Tracy said the utility billing system would integrate with the general ledger, which wasn't possible now. He said the new system would be fully integrated.

Tracy said this addendum was an extension to the agreement with Harris the City entered into in 1997. He said the current system had been used for 17 years and was becoming somewhat outdated. Tracy said one reason to go with the Harris proposal was because the application license fees for the software of \$280,000 were being lowered by \$242,000, or \$37,775, because the City was an existing customer. He said the City would only be paying for partial pieces of modules that the City didn't already have. Tracy said the major portion of the \$213,000 fee was for converting existing data to the new system and providing training.

Councilmember Freitag said he typically saw that the maintenance fee for the first year was included in the cost of the software, because it was a new software.

Discussion suggested that Staff should clarify with Harris if the first year maintenance fee would be waived, before the Mayor signed the contract.

AMEND THE CONSOLIDATED FEE SCHEDULE – ORDINANCE 14-25

Kent Andersen, Deputy Director of Community and Economic Development, said Staff had completed a comprehensive review of the processes and procedures of the Business License Division, and they also examined the fees associated with business licenses. He said Staff was proposing some fee changes to the Consolidated Fee Schedule. Kent said during the review process, Staff looked at the home occupation base fee of \$40, and did an analysis of what the actual cost was and determined that the fee should be \$60; the average of other cities in the area was \$65. He said Staff recommended that the renewal fee remain at \$40, as there was less cost associated with renewals. Kent said the recommendation was to increase the initial fee to \$60. He said these fees had not been modified since 1996. Kent said for this year the City had received 168 new home occupation license applications. This wouldn't be a large revenue generator, but it would keep the City's fee in line with cost.

Kent said the second portion of the business license fee increases being proposed was the home occupation inspection fee. He said currently in the Fee Schedule there was an additional service fee of \$26.50, and it was specific to daycare, preschools and educational services. Kent said an analysis of actual costs to do an inspection indicated that the fee should be increased to \$50. He said Staff was also recommending a onetime inspection fee be expanded to include occupations where customers were coming to the homes, to make sure that safety was being taken care of, and to look at potential conflicts with neighbors.

Kent said the third proposed change had to do with the business license inspection fee. He said currently it was only identified for certain business classifications. Kent said the proposal was for an initial onetime inspection that would be conducted by the Fire Department on all commercial businesses. He said any new commercial business would have an inspection by the fire inspector. Kent said the proposal was to increase the fee from \$47 to \$50 to make it consistent with other inspection fees.

There was discussion about the way calculations for business license fees were handled in the past.

Dean Hunt, Fire Marshall, said Staff was proposing to increase the fireworks sales permit fee from \$300 to \$500, and increase the refundable cleaning deposit from \$150 to \$500. He said in 2011 the State Legislature approved the sale of aerial fireworks, which greatly impacted the services the Fire Department provided. Dean said inspections had increased significantly to police the sale of those fireworks. He said patrols had increased in the east bench area because of aerial fireworks. Dean said the proposed cleaning deposit increase was based on the cost of one Engine Company for two hours. He said any unused amount would be refunded.

Dean said the second proposal was to separate residential and commercial fees relative to alarm non-response fees. He said under the current fee structure, if there was an alarm after hours in a business or home, the City charged \$25 if a responsible party did not respond. Dean said it typically cost a business more than the \$25 fee to send their technician to respond; a lot did not respond. He said the increase to \$100 would incentivize businesses to respond. Dean said the residential fee would remain at \$25.

Dean said the current false alarm fee for commercial uses was originally established by the Police Department and was based more on residential false alarms. Dean said businesses were allowed to have two false alarms, which were a malfunction of the system, per quarter. He said currently the fees for third, fourth and fifth false alarms per quarter were \$50, \$75 and \$100. The proposal was to increase those fees to \$250, \$350 and \$450. Dean said the purpose of the proposed fee increases was to motivate the business/building owner to repair and maintain their alarm system. The proposed fee amount was the cost

for the Engine Company to respond, investigate and help correct the immediate problem with the system.

Councilmember Freitag said he philosophically wasn't opposed to trying to financially incentivize businesses, or the alarm company that the businesses hired, to maintain their system, but this was a significant jump in fees. He said he would be more comfortable on this portion of the proposal by seeing some real numbers on what the responses were, the businesses that were involved and some of the findings the Fire Department had found on these alarms. Councilmember Freitag said because of the significant jump from \$50 to \$250, he would like to see the information behind the increase to understand what the impact really was to the Fire Department relative to the call volume. He asked that on false alarms, if there was a responsible party on site, did the Fire Department continue in.

Dean said yes; even in the daytime on a false alarm the Fire Department continued in to verify that it was a false alarm. He said during the daytime there was usually a responsible party there; it was during the night that they had problems. Dean said there weren't a lot of false alarms that occurred; he hadn't sent out a bill for false alarm fees in six or seven years. He said the Fire Department was very proactive in getting false alarms repaired. Dean said he didn't see this having to be imposed very often.

Councilmember Freitag suggested that these two items be pulled from the proposed amendments to the Fee Schedule until the additional information could be presented.

Discussion suggested that the responsible party non-response fee for commercial uses and the false alarm fees would be pulled until the additional information requested by Councilmember Freitag could be presented.

Dean said the final proposed fee amendment had to do with fire re-inspection fees. He said the Fire Department was finding that there were a number of businesses that were not getting some violations taken care of as a result of the annual inspection process. Dean said this required Staff to return to the businesses for additional re-inspections. He said the proposal was to charge a fee of \$100 for any re-inspections after the initial re-inspection. Dean said this past year Staff had to return to one business nine times.

Councilmember Freitag said this seemed very reasonable.

Councilmember Freitag asked if Staff remembered this past summer when the Council was re-addressing the ordinance and permits for fireworks stands. He said there were some discrepancies between what the City's ordinance was and what the inspection minimum requirements were under State law, like the distance of the storage of the fireworks from the stand. Councilmember Freitag said he had totally forgotten about that issue until this discussion on fireworks inspection fees.

Discussion suggested that Staff would review the minutes and verify that those issues had been resolved.

There was discussion about the picnic tables that had been left on the snow shack site on Gentile Street.

Alex explained that Staff had established an efficiency committee with representatives from most of the departments. He said the committee had systematically been going through all the major operations in the City, especially those with greater involvement with citizens and businesses, and charting those processes to identify where improvements could be made. Alex said there were three major focuses: 1) what could the City change to help reduce costs for contractors, etc; 2) what would save them time and be more efficient for them; and 3) how could the City improve internal efficiencies – how could the City be more efficient in terms of the allocation of resources and costs. He said the committee had reviewed business licensing, building inspections, processing of permits, utility connections, etc. Alex said as part of committee discussions, the Fee Schedule amendments were recommended. He said the City wasn't trying to look for revenue, but it was trying to balance fees and costs. Alex said the City was also trying to encourage more use of technology, which made the City more efficient in helping builders and developers. He said there had been some positive feedback from the development community.

AMEND TITLE 16, SECTION 16.04.010, AMENDING THE 2012 EDITION OF THE INTERNATIONAL FIRE CODE TO REQUIRE BUSINESSES IN LAYTON CITY TO SUBMIT FIRE AND LIFE SAFETY INSPECTION, TESTING AND MAINTENANCE PAPERWORK ELECTRONICALLY – ORDINANCE 14-27

Dean Hunt said this was a proposed ordinance amendment relative to the Fire Code. He said currently businesses that had fire sprinklers and fire alarm systems in their building were required by State law, and City ordinance, to maintain those systems and inspect those systems on an annual basis. Dean said records of those inspections had been required to be kept on-site, which were verified when the Fire Department did their annual inspection. He said Staff had not been able to maintain annual inspections as hoped. Dean said the proposed change would require businesses conducting required inspections, tests and maintenance on fire and life safety systems throughout the City to submit their documentation to the Fire Department electronically. He said those would be submitted to the City within five days of the inspection.

Councilmember Freitag said the language in the ordinance was 5 working days. He asked if it was typical for the City to use working days instead of business days.

Gary Crane, City Attorney, said legally they meant the same thing.

Mayor Stevenson suggested that building permits/inspections should be done electronically. He said inspections could be scheduled electronically and permits could be done paperless as well. Mayor Stevenson said everything was headed in that direction.

MAYORS REPORT

Mayor Stevenson asked the Council to go into a closed door meeting at the end of regular meeting to discuss the City Manager's contract.

Mayor Stevenson indicated that he had 10 tickets for the Christmas Concert for tomorrow night if anyone was interested in them.

The meeting adjourned at 6:59 p.m.

Thieda Wellman, City Recorder