

AMERICAN FORK CITY COUNCIL  
MAY 24, 2016  
WORK SESSION, SPECIAL SESSION MINUTES

**ATTACHMENT**

Members Present:

James H. Hadfield	Mayor
Carlton Bowen	Councilman
Brad Frost	Councilman
Rob Shelton*	Councilman
Jeff Shorter	Councilman

Absent:

Kevin Barnes	Councilman
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Staff Present:

Craig Whitehead	City Administrator
Camden Bird	Administrative Management Analyst
Terilyn Lurker	City Recorder
Lynn Ruff	Interim Finance Director
Kriss Garcia	Fire Chief
Judy Thimakis	Human Resource Director
George Schade	IT Director
Derric Rykert	Parks and Recreation Director
Sam Liddiard	Police Lieutenant
Dale Goodman	Public Works Director
Wendelin Knobloch	Associate Planner

**WORK SESSION**

*The purpose of City Work Sessions is to prepare the City Council for upcoming agenda items on future City Council Meetings. The Work Session is not an action item meeting. No one attending the meeting should rely on any discussion or any perceived consensus as action or authorization. These come only from the City Council Meeting.*

The American Fork City Council met in a Work Session and Special Session on Tuesday, May 24, 2016, in the American Fork City Offices, 51 East Main Street, commencing at 3:30 p.m.

Mayor Hadfield welcomed everyone and excused Councilman Barnes. He noted Audra Sorensen and Adam Olsen were at a conference and would not be in attendance.

1. Discussion on the Fiscal Year Ending June 30, 2017 budget

Mr. Whitehead commented he hoped everyone had a chance to read through the budget. They had asked for written questions ahead of time but did not receive any. This was their budget and they could go over this as many times as the Council would like. They previously had a presentation on the summary and overall budget and this meeting was for any questions the Council may have.

\*Councilman Shelton arrived at 3:33 p.m.

Councilman Bowen noticed the licensing and permits revenue increased significantly and questioned if that was due to an increase in construction. Mr. Whitehead reported that the Building Department had 31 permits in for approval and that building permits were up considerably. Mr. Whitehead stated one new position proposed was for a building inspector to keep up with increased work load.

Councilman Bowen asked if the increased revenue targeted something specific or if it went into the general fund. Mr. Whitehead stated the revenues would go to the general fund and would offset expenses.

Councilman Frost asked if the 40% increase in licensing and permits would it cover the new hire completely or just a portion of the new hire. It was pointed out that the numbers show it would cover the cost entirely. It was noted there was already a vacancy in the building department.

Councilman Bowen noted the Storm Drain revenue was also up and asked if it was because of the added impact fee. The budget this year was at \$2.1 million while last year's budget was at \$1.1 million. Mr. Whitehead explained that the increase included some capital improvements. Mayor Hadfield stated some of the revenue did come from the addition of the impact fee.

Councilman Bowen asked if some of the open ditches would be covered. Mayor Hadfield stated those would be continued to be improved. Two years ago the City completed a project on 700 East to improve storm drainage. He noted they clean up hot spots and continue to improve other areas. When asked if those funds could be used for curb and gutter, Mayor Hadfield stated only if the city installed storm drain collection boxes and sumps. Mayor Hadfield noted if curb and gutter was placed in front of a residence, the homeowners historically paid half the cost.

Councilman Frost asked if there was a petition process for those funds to assist with curb and gutter projects. Mayor Hadfield explained that if a neighborhood wanted their sidewalk, curb, and gutter improved, they could do a special improvement district where over a 10-year period the owners would pay it off but the City fronted the cost of the improvements.

Councilman Bowen noted that Engineering's budget was down and he was surprised by that. Mayor Hadfield stated they had three Engineers on staff, but over the course of the year two of those engineers left employment with the City. The City currently had an Engineer-in-training who gets paid only a portion of a P.E. pay until he received his license. Mayor Hadfield thought Public Works would be looking at that in the future as Mr. Gallo was extremely busy.

Councilman Frost asked Mr. Goodman what would be needed to fix the problem in the Engineering Department. Mr. Goodman explained that in cutting back on staff, it was never intended to go back and look at additional engineers. They hired Mr. Andrus, the Engineer-in-training, to replace the first P.E. and they looked at other ways to fill the void and get the work done. However, in talking to staff with what the issues were and what needed to be done in the best way at the best cost, it was determined they could save money if they did have another P.E. on staff. Previously they were not doing much engineering in-house, but if they did have another P.E. they would not have to pay the overhead by contracting out with a company. Mayor Hadfield asked if they could approach a company to represent the city for a set amount of money, similar to the city's legal services. Mr. Whitehead stated the original reorganization structure was for additional help for Jay Butcher. Mr. Whitehead commented that one concern was if they have an engineer for design work, it was risky that there may not be enough peer

review but Mr. Goodman felt comfortable that Mr. Gallo could do that peer review. Mr. Whitehead continued that they could hire an engineer/inspector to help get the work done.

Councilman Shelton thanked Mr. Goodman and expressed his gratitude at the opportunity to meet with the Public Works employees to go over their concerns and get their insights. In talking with them, they felt money could be saved by going to the dual role of having an individual who could engineer and then inspect the work. As it was, they were stretched too thin on inspections. They felt there were individuals who do that work well. They do not want to burn employees out and they also need to make sure the inspections were being done properly. He would support going that direction.

Mr. Whitehead stated they were moving in that direction. They do have a competent engineer, but it lacks the peer review of an Engineering firm and they won't have peer review to the same extent if they hire someone in house. Councilman Shelton stated they could outsource the peer review if necessary. Mayor Hadfield stated that some companies come in for a project and do a great job with great quality; others need to have more time spent on the job for inspections.

Councilman Frost asked if there was any liability with peer review. He was told that when an Engineering firms puts their stamp on the plan, they were accepting liability.

Councilman Shelton noted this would not bring all engineering in house, but they could decide what needed to be done. If projects slow down, they could pull more work back in-house during hard economic times to save money. He was appreciative of staff sharing their opinion.

Councilman Bowen noted the Boat Harbor budget was also down and he was curious how they reduced the budget. Mr. Rykert stated there would be a shortened season for construction and with lower projected water levels they do not expect to stay open as long. It was noted water levels were still 4.5 feet low.

Mayor Hadfield stated until they have the budget approved, Tuesdays and Thursdays were set aside for budget meetings. He would like to approve the budget on June 14, 2016.

Councilman Shelton wanted them to be aware that recently the Obama Administration came out with another mandate regarding salaried employees. The threshold had been bumped up to \$47,000; any employee being paid less than that must be paid overtime. Ms. Thimakis stated there would be no employee impacted by that mandate. Mr. Whitehead stated they could give comp time for some employees.

Councilman Shelton stated in the past they have tried to give a 3% increase to reward employees, but he questioned how sustainable that was when they look at the budget and see all of the increases needed. There was a lot of pressure with retirement and healthcare and the question was how they balance that out. Once they gave that raise it added to the budget every year. How do they reward employees for a job well done and still keep up with cost of living adjustments? He thought it would be hard to do when a lot of the citizens did not get raises this year. He wanted to have an open discussion on how to balance between rewarding employees and make sure they have the ability to be sustainable.

Mayor Hadfield stated that was when they thanked the city businesses for their sales tax. Every year, sale tax increased six to eight percent and that should cover the costs for raises. They were always able to balance books due to the efforts of our local businesses.

Mr. Whitehead commented that they included a 3% increase in wages but that did not mean all of that 3% was spent; however, typically it has been spent in the past. Not all employees would receive a 3% raise; this was merit-based dependent upon the employee's evaluations. A lot of cities do struggle with this and this has been talked about quite a bit among city managers. Mr. Whitehead explained that some cities have a grid and dependent upon where they score was what their raise would be. Last year, a comment was made to go down to 2%, it did make it difficult to allocate those raises if you were talking about merit-based increases.

Councilman Frost stated that another option would be a bonus, where employees were given a one-time payment which may get them to the 3%. It would not necessarily be part of next year's budget and could be re-evaluated next year.

Mayor Hadfield pointed out they could go less than 3% if they choose.

Mr. Whitehead stated the healthcare costs were going up 9% on the family plan, so the employees would be paying more.

Councilman Shelton stated it may be a crazy idea, but he thought they needed to discuss all the options. He had been thinking a lot about how to reward employees. A comment he received back was that everyone allocates the merit differently, which was understandable as all departments are different. However, he wondered if the bonus-type structure could be looked at and then an increase every few years based on a COLA. Councilman Shelton commented that with inflation over the last seven to ten years, the COLA has been 1-1.5%. Maybe every three years give a 3% increase to the base salary and the other years give a bonus to help offset increased costs. The bonus would be tied to measurable goals, goals that were specific, consistent and frequent. He did not think once a year would be frequent enough, but thought a quarterly bonus was an idea.

Mr. Whitehead stated there were many ways to deal with pay structures. With bonuses, they could come up with a pay matrix that was applied city-wide. Based on their evaluation, there was a set percentage increase. In some cities, if employees were at mid-point of the pay range, any increase was strictly a bonus and not added into the base salary. Secondly, they completed the compensation and classification study and the critical issue they were faced with was implementing that to make sure everyone was where they should be in their range. They did bring up 8 or 9 employees up to minimum, but the next step was to determine where an employee should be between minimum and midpoint. Mr. Whitehead stated that if you have been with the City for five years and performing competently in your job, you should be close to midpoint.

Ms. Thimakis commented that if you were experienced in your profession, whether it was prior to working for American Fork City or not, you should receive credit for that as well. Typically, if you have worked for five to eight years in your profession you should be at midpoint, and that represents market. If they were going to consider bonuses for merit, all employees should be in their range first.

Councilman Shelton thought that when they did the study it was just to take a measurement and they were specific in saying they were not going to raise everyone. Mr. Whitehead stated he was right, and that they were going to look at how to implement the results of the study. Part of this was to keep them at market rate so they could attract excellent employees. They need to keep it in the market and they look at it every two years; right now they were at 60% of the market. Mr. Whitehead stated that if they just paid bonuses, he did not know if that would keep them in the pay range of the market.

Councilman Shelton stated that if inflation takes off, adjustments could be made. He would rather have the bonuses be tied to a specific project within the department that could be measured. For example, if street sweeping finished so many miles then they could get a bonus. Each department head should have that discussion with their employees, and to reward employees who work hard to help get those goals accomplished.

Ms. Thimakis stated that having bonuses was very progressive thinking. In a perfect world, they try to pay as close to market as they can and if an employee has done a great job they get the bonus.

Councilman Shelton stated that when he interviews for jobs he asks what was more important to them, the job or the money; if they say money, they do not get hired because they were there for the wrong reasons. People want to have satisfaction in their job and be rewarded. He was not saying they go to the lowest point on the scale. Since Councilman Shelton has been on the council the pay increases have been between 9% and 12%, which helped them get to where they needed to be in the wage study but they now needed to reassess that going forward.

Mr. Whitehead stated that as they have talked about rewarding as a leadership team, one thing they have learned was that money is not the motivator in a job. It was important, but recognition was more important. He stated he had a request to pay bonuses based on projects, but right now they do not have a formal bonus program but they were open to that. He stated this spoke to the goal of employee morale. They have talked for years on recognizing employees, and it was recognition in giving them a 3% raise.

Councilman Shelton noted that by having a quarterly bonus it would force a discussion between supervisor and employee. Sometimes it was tough to remember to give recognition every now and again but a bonus would force that on a quarterly basis. They would have discussions for those who were behind on their goals or who were doing a great job.

Mr. Whitehead agreed that they should be touching base with direct reports more than once a year.

Councilman Shorter commented he liked the idea of not having an automatic increase every year, particularly when inflation was low.

Mayor Hadfield stated that when a long-tenured employee is at the top of their pay scale, what incentive do they have to do any more than the minimum?

Councilman Bowen liked containing structural growth and he was not opposed to rewarding good performance. A couple of his concerns was that not all private businesses pay bonuses, in

fact most do not. Here they were talking about a government organization and he questioned how they measure performance. Private businesses only give bonuses on a profitable year. Councilman Shelton stated that measurement was the key to success. Organizations were all structured differently.

Councilman Shorter stated he preferred bonuses to automatic increases.

Mayor Hadfield commented that each department was different and training requirements were different. They all must keep their qualifications current and the city pays for those training opportunities. To make those training opportunities available and raises possible from that training, he thought that was something that could be used as incentives. With training completed, more responsibility and higher pay came with that. There were many ways to look at who was the employee who was putting forth the effort and give them the opportunity to attend the training.

Councilman Frost stated this was the year they think outside the box. He wanted to hear from the employees and how the departments would feel about a change.

Chief Garcia stated that he was losing another guy this week and would lose another employee when they test. In the seven years he has been here, he has hired thirteen different times trying to find employees to keep. When other organizations have openings, he loses his employees. Part of the reason being pay. Chief Garcia thought this was a bad year to come out of the box. They just did a pay survey and found out they were not yet at midpoint, and the plan to get them at midpoint would be over \$200,000. If they were not going to try to strive to get to midpoint and to give bonuses was like pulling the rug out from under people. The revenue was up, work load was up, health care was up, and pay should be up.

Councilman Frost asked Chief Garcia if they didn't think a bonus would be good. Chief Garcia stated that most firemen and police officers retire out of the profession. All bonuses are not treated the same with regards to retirement. He thought this was the wrong year to come out of the box. Chief Garcia stated he was in favor of bonuses and has asked for bonuses for his employees; he wanted to give back to his employees who do great work. However, he felt they need a base increase to get them to a competitive state.

Mr. Rykert stated that his goal was to retain and attract good employees. He stated he had not thought about bonuses, but he would want to see it equitable, fair and consistent. Mr. Rykert was worried about the perception of giving bonuses to employees.

Mr. Thimakis stated that in order for bonuses to work, they have to pay market. Bonuses were good if they were paying at market. They have employees that have worked for the city for ten years that are closer to the minimum range. Councilman Shelton thought they did well except for the upper end of the employees; he thought most of the employees were at midpoint. Councilman Bowen was surprised to see there were many employees who were here only a few years and were already at midpoint. Ms. Thimakis stated she was in the process of figuring out where the employees were at.

Mayor Hadfield asked for a report of full and part time employees for the departments. Fitness Center/Recreation has 22 full time, 400 part time employees. Public Works has 35 full time and 2 part time employees, Fire/Rescue has 20 full time, 40 part time employees, and Police have 36

full time, 1 part time employee. Mayor Hadfield pointed out that all the departments were different. They could not compare them when all were different.

Mr. Whitehead stated there were options. If the employee was below midpoint, the percentage was added to the base. If the employee was above midpoint, there were adjustments so that not all of the money would go to the base pay.

Ms. Thimakis stated they could implement it at a three year plan so they do not take a hit all at once. Mr. Whitehead stated he had thought it would take two years to get employees to midpoint.

Mr. Whitehead stated they would look at the different options and different ways to structure pay increases.

Mayor Hadfield stated that while there were increases in the number of employees, the overall budget was down with the main the difference in the amount of grant money that was received.

Councilman Shelton commented he thought it would be good idea to think about this and then discuss it further.

Councilman Shelton stated that he and Councilman Frost also talked to employees about emergency preparedness and obtaining a generator. They had wanted to get Rocky Mountain Power to meet with them about their plan for an emergency and wondered if that was still an option. Mayor Hadfield hated to put \$200,000 in a three-year program for a generator and not have anything happen. Mayor Hadfield knew the power system and stated it would take something extremely major to happen and everyone would be out of power. A lot of the water comes out of the canyon and does not have to be pumped. Mayor Hadfield did not feel a threat looming over him. Councilman Shelton thought it would be helpful for others to have that same level of education so they could have that same level of comfort.

Councilman Frost thought that water education was also needed for the tank. For instance, what would happen if they lost all the wells and how that would affect the communit? Mayor Hadfield stated they would still receive water from the canyon that would go until the tank. Those helped charge the system. If they had a serious problem, they could implement water rationing and live off what comes out of the canyon.

Councilman Bowen stated he was approached by a citizen who said they could get a used generator much cheaper and he would be happy to provide that information to Mr. Goodman. Mr. Goodman commented that they have looked at a used generator, as well as other options such as leasing a generator.

Councilman Shelton stated that they were short on time with getting the budget passed, but he would love to be educated so they could better educate the public when asked.

Mayor Hadfield stated that Lehi was in a different situation and did have a generator. Lehi has grown fast but the infrastructure has not kept up with the growth. He would be happy to have someone from Rocky Mountain Power come explain where we get the power.

Councilman Bowen commented that they know there was a reliable grid but they also know there were power outages. He stated that he wears his seatbelt because it was the safe thing to do, in case of an accident. They need to be prepared for what no one expects to happen.

Mayor Hadfield stated it was a matter of what they felt was important and what the budget priorities were. If the Council felt they needed a generator then they could put it in the budget. He noted they have a 35 KW generator that was rarely used except for Steel Days.

Councilman Frost thought of a generator like he did insurance; he hoped to never use it but thought it was something to explore. What if they have an earthquake and the Cave Camp Spring was compromised? They would be left only with well water, and then a generator would be needed.

Mayor Hadfield commented that Chief Garcia was good at finding ways. Chief Garcia explained that as part of the EOC, they have call down lists for everything from track hoes to shovels. He did not have a generator on the list but it made sense to find one. In an emergency, they have equipment lined up to help out. There are a tremendous amount of resources to go to disaster areas. Chief Garcia stated there were teams all over the country staged to bring in equipment in a disaster.

Mayor Hadfield stated that they may need to talk about the disaster process. A disaster in Utah County would impact all of the county and they may need to work with other counties. There was a process on declaring a state of emergency and he thought that some training was a good idea.

Councilman Frost asked what would happen if the fire department went to hook up to a fire hydrant and there was no water. Chief Garcia explained they have a 6,000 tank they could bring in to fight a fire. Without water, the option was to remove the fuel from the fire so there would be nothing more to burn.

Mayor Hadfield stated there was no fault line that runs through American Fork and the closest line was under Utah Lake. The largest fault line was in Salt Lake Valley. When that goes, there are impacts that would affect American Fork City. Councilman Bowen noted there was a fault line that runs through Cedar Hills.

Councilman Shelton stated he would like to get the level of understanding. They don't want to spend money if they don't need to.

Councilman Frost stated he wanted to make sure they could secure the water lines and to make sure water was available in an emergency.

Councilman Shelton stated there were minor amounts that were allocated to citizen committees. He had thought about how to be more efficient with the Concerts in the Park, which was now done by staff but in the past it was run by the Arts Council. Councilman Shelton commented that if they could get a citizens committee together to plan that, it would free up staff time. He suggested turning it over to the Steel Days Committee to have them look at putting together multiple concerts rather than just one concert. He thought that when August comes and the concerts have run the course, they could have the Steel Days committee take on Concerts in the Park and still maintain the quality and integrity. Councilman Shelton stated that the Steel Days



Committee vetted several different bands and felt they could use those contacts to plan the Concerts in the Park.

It was noted the next budget discussion would be held Thursday, June 2 at 3:30 p.m.

2. Adjournment to a Special Session.

The work session adjourned to a special session at 4:55 p.m.

SPECIAL SESSION

The American Fork City Council met in a special session on Tuesday, May 24, 2016, at the American Fork Administration Offices, 51 East Main, commencing at 4:55 p.m.

1. Consideration and action on entering into a Closed Session to discuss the professional character and competence of individual(s).

**Councilman Frost moved to enter into an executive session to discuss the professional character and competence of individuals in the Administrative Offices Conference Room. Councilman Shorter seconded the motion. All were in favor.**

The Council entered into an executive session at 4:47 p.m. (See attachment)

**Councilman Shorter moved to return to special session at 5:34 p.m. Councilman Bowen seconded the motion. All were in favor.**

2. Adjournment

**Councilman Shorter moved to adjourn the special session. Councilman Shelton seconded the motion. All were in favor.**

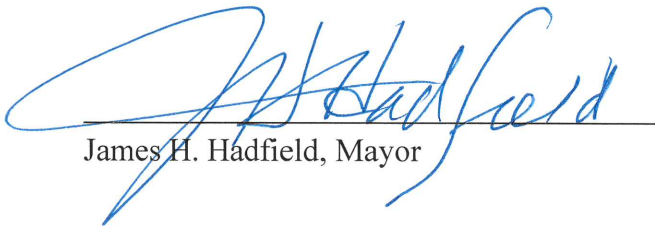
The meeting adjourned at 5:35 p.m.



Terilyn Lurker  
City Recorder

**AMERICAN FORK CITY  
MAYOR'S AFFIDAVIT  
James H. Hadfield, Mayor**

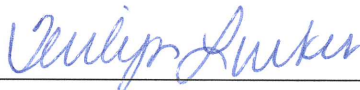
I, Mayor James H. Hadfield, do solemnly swear and affirm that the sole purpose of the closed session of the American Fork City Council on Thursday, May 24, 2016, was to discuss the professional character and competence of individuals.

  
James H. Hadfield, Mayor

State of Utah  
County of Utah

Subscribed and sworn to before me this 1 day of June, 2016.



  
Signature of Notary Public  
My Commission Expires: 2/4/2020