

**MINUTES OF LAYTON CITY
COUNCIL WORK MEETING**

JUNE 16, 2016; 5:41 P.M.

**MAYOR AND COUNCILMEMBERS
PRESENT:**

**MAYOR BOB STEVENSON, JOYCE BROWN,
BRUCE DAVIS, TOM DAY, SCOTT FREITAG
AND JOY PETRO (via telephone)**

STAFF PRESENT:

**ALEX JENSEN, GARY CRANE, TRACY
PROBERT, KEVIN WARD, DEAN HUNT,
JOELLEN GRANDY, JOSH DUKES, DAVID PRICE
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.

MISCELLANEOUS:

Kevin Ward, Fire Chief, updated the Council on recommended fireworks restrictions with the upcoming fireworks season. He displayed a map identifying the restricted areas and indicated that there was a ban of all fireworks in areas east of Highway 89 and a total ban of sky lanterns anywhere in the City. The map identified those areas where aerial restrictions were in force. Kevin said the Fire Department would increase staffing over the holiday weekends; they were mostly concerned with illegal fireworks.

Councilmember Brown asked about the hours that fireworks could be set off.

Kevin said until 11:00 p.m. three days before and after the holidays, and until midnight on the actual holidays.

Kevin explained that residents were allowed to use two of the City's parks for fireworks if they lived in an area that had restrictions.

AGENDA:

PRESENTATION – LOCAL FIRST UTAH

Kristen Lavelett, Executive Director of Local First Utah, indicated that they were a non-profit organization based in Salt Lake City. She said they provided education to residents and business owners about the importance of locally owned independent businesses. Ms. Lavelett indicated that for every \$100 spent in a local business, \$58 stayed in the State; for every \$100 spent in a national chain business it was \$13. She said local businesses benefitted local jobs and the local economy.

Mayor Stevenson expressed appreciation to Ms. Lavelett; the City supported this.

**AMEND TITLE 3, CHAPTER 15 OF THE LAYTON MUNICIPAL CODE – CONSOLIDATED
FEE SCHEDULE – ORDINANCE 16-24**

Tracy Probert, Finance Director, said Ordinance 16-24 would amend the consolidated fee schedule to include the fee increase of \$3 per month from the North Davis Sewer District. He said residents would see an increase of \$6 on their bills because the City billed bi-monthly. Tracy said the fee increase also impacted the per thousand gallons rate, which would increase from \$1.65 to \$1.95 for anything over 5,000 gallons. He said there would be an additional \$3 increase in 2018.

Councilmember Brown said she assumed that the per thousand gallons increase was for businesses.

Tracy said that was correct.

Mayor Stevenson mentioned the sewer plant open house.

AMEND BUDGET FOR FISCAL YEAR 2015-2016 – ORDINANCE 16-25

Tracy Probert said Ordinance 16-25 would amend the 2015-2016 budget, which was the current year budget. He said an overview of the amendments was included in the packet. Tracy said there was \$1,052,373.59 in additions and reductions in the general fund; \$572,155 of fund balance would be used to cover the additions that included projects such as the Fort Lane/Angel Street overlay project, purchase of some UDOT property and Street Department overruns due to weather related issues. Tracy said changes in the animal control contract required an amendment to the budget as well.

Tracy said additional revenues totaling \$420,000 that were unanticipated were being recognized in the general fund budget. He said there was an additional \$59,000 in grant revenue that was being recognized.

Tracy reviewed proposed budget amendments in other funds, including \$502,000 in the B & C Road fund to appropriate funds from developer participation in a road project, and also for the Fort Lane/Angel Street project.

Tracy said in the impact fee fund, \$217,000 in additional impact fee revenue was collected and appropriated toward enhancements at the northeast park and debt service interest payments. In the CDBG fund, \$140,000 of additional revenue was recognized; the CDBG allocation was higher than originally budgeted. The CDBG funds were appropriated toward the down payment assistance program and also prorated across all of the line items in the fund.

Tracy said unless there were questions, he wouldn't review the balance of the various funds. He said Staff recommended that the Council adopt the amendments as proposed.

ADOPT BUDGET, PROPERTY TAX RATE AND COMPENSATION SCHEDULE FOR ELECTED, STATUTORY AND APPOINTED OFFICERS FOR FISCAL YEAR 2016-2017 – ORDINANCE 16-26

Tracy Probert said there were a few changes to the budget that had taken place since the tentative budget was adopted. The tentative budget proposed to adopt the certified tax rate; in the budget presented this evening the proposal was to adopt a City property tax rate that was 2% lower than the certified tax rate. That would reduce the amount of property tax the City would collect by \$136,384; from \$6,789,734 to \$6,653,350. The tentative budget proposed a 3% merit adjustment for employee compensation; that changed to 3% for all compensation adjustments, which resulted in a decrease in the proposed personnel costs of \$101,238.

Tracy said there was a change relative to the animal control contract; the Administration budget increased by \$51,195 to cover those increased costs. In the Police Support Division, the Department was able to receive a grant for some equipment that had been included in the tentative budget general fund; that equipment for \$10,793 was removed from the budget.

Tracy said in the last few years, there had been a very high demand for projects in the water fund. It became obvious that the City couldn't continue going at that pace. Therefore, there was a reduction of \$650,000 proposed in the water fund for projects.

Tracy said those were the changes from the tentative budget to the proposed final budget.

Tracy said the proposed budget including all funds was \$74,609,874. He said as part of the victim services fund, the City received a VOCA grant. The VOCA grant required that it be mentioned in an open meeting that the City received a VOCA grant.

Tracy reviewed information about various revenue categories. He indicated that personnel costs were just under \$29,000,000 for the entire City, or approximately 39% of the budget. Operation costs were approximately \$22,300,000; capital equipment and projects were \$10,100,000; and debt service was \$3,100,000.

Tracy reviewed general fund revenue and expenditure information. General fund revenues were estimated to be \$31,307,273; expenditures were \$32,618,498. \$1,311,225 of fund balance would be used. He said unassigned fund balance as of June 30, 2015, was \$7,196,399; in the current year it was proposed to use \$1,400,000 of fund balance. Tracy said it was most likely that only about \$200,000 of that would be used because at this point it was estimated that revenues would come in at about \$950,000 higher than budgeted, and expenditures would come in at about \$200,000 lower than originally budgeted. That would leave fund balance at the end of the current year at \$5,633,839. Tracy said to cover the 2017 shortfall, the proposal was to use \$1,300,000 of fund balance, which would leave a fund balance of \$5,600,000, or 18%, which was a good level to be at. The maximum allowable level was 25% of revenue. Tracy said 18% was not an unusually high number; most cities were at that level or above.

Mayor Stevenson said if fund balance was over 25% would the City have to do something with the extra money.

Tracy said yes; they would have to increase projects or decrease taxes.

Alex Jensen, City Manager, asked Gary Crane, City Attorney, to talk about the gas tax issue.

Gary said a number of cities had noticed that the B & C Road funds, with the revenues that were brought about by the new gas tax, were considerably less than what they had anticipated. He said West Valley raised the issue, and after review it was discovered that they were significantly less as a result of HB 60, which passed last year. Gary said they were under the impression when they were working with UDOT, counties, and cities, that HB 60 would level out an error in calculation that occurred between rural counties, urban counties and the cities. He said ultimately, HB 60 did much more than that. Gary said the ULCT confirmed this with UDOT as early as yesterday. HB 60 had a significant effect on gas revenues as a result of the formula that was put into place last year.

Gary handed out a spreadsheet showing the changes in gas tax revenues. He said when HB 362 passed implementing the new gas tax, they anticipated that it would mean an increase of 17% for the cities and counties. HB 60 changed that; some rural counties had up to 80% to 100% increases; unincorporated urban counties such as Salt Lake County were receiving much less than rural counties, but they had substantially more roads to maintain. Gary said only 4% of the State's population resided in rural counties, yet they had managed to receive a lion's share of the revenue because of HB 60. He said the 17% the urban cities and counties should have received had been significantly reduced. Gary said the City received \$174,936 and had anticipated that it would be almost double that amount.

Gary said Tracy had not included that amount in the City's proposed budget, but some cities had, and some of the counties had budgeted for that. He said Davis County lost almost 8% with the formula in HB 60. Gary said nobody realized the error; this was a significant amount of money and they were trying to figure out what approach to take to correct the situation. He said the further out they went without making some type of change, the possibility of retaining and recouping the funds that had been paid to the rural counties would be almost impossible.

Mayor Stevenson asked if they would be calling a special session.

Gary said that was part of the difficulty; calling a special session to reduce revenues in rural counties during an election year probably wouldn't be too attractive. He said the Governor would have to call that special session. Right now they were trying to figure out what approach to take; these figures just came to light in the last few days. Gary said it was a big problem; urban cities and counties were losing a significant amount of money every month because revenues were not being collected the way they were represented to be collected.

Mayor Stevenson asked why someone didn't discover this earlier.

Gary said he asked the same question; he said he had gone through the presentation twice and still didn't understand all of the intricacies going back to 1997 when a hold harmless was put in place. He said he understood that through HB 60 the road miles changed; the hold harmless provision changed; and the way they dispersed the revenues changed. Gary said it changed two or three times and when they added language that looked like it would equal out what the urban counties were getting versus what the rural counties were getting, it ended up being a windfall for the rural counties.

Mayor Stevenson asked who the sponsor of HB 60 was.

Gary said the sponsor was Johnny Anderson from West Valley City; they were not rural sponsors. He said no one realized that this would happen. Gary explained that ULCT staff had been reviewing all of the hearing tapes since 1997 to see what had happened; there wasn't an easy explanation. It appeared that there was only one analyst at UDOT, another person with the legislative analysts' office and perhaps someone with the counties who realized what this did. Until everyone started receiving dispersions this year, nobody really understood it. Gary said everyone would be hearing about this in the next few days.

Mayor Stevenson asked if they expected a civil war.

Gary said if there was one, it would be between the counties. He said the 10 rural counties only had 1/3 of their roads paved; 2/3 were dirt roads.

Mayor Stevenson asked what the purpose of HB 60 was.

Gary said the indication was that these counties had not been held harmless over the years as a result of the changes that had taken place in the distribution formula. In order to try and make that up, HB 60 looked like a very small concession. But once they reviewed the history, not only had they been collecting the hold harmless but it had no end. The hold harmless was to give them about 120% of what they had in 1997; everything they were entitled to plus 20% hold harmless. Gary said the formula changed such that they accumulate, every single year since 1997, all of the growth. The hold harmless expanded exponentially, and nobody saw that.

Mayor Stevenson asked what this would cost Layton City annually.

Tracy said it was about \$175,000 a year; they anticipated receiving a \$350,000 increase over what the City had been getting and the City only received \$175,000. The City was still getting an increase over what it was getting, but it was not what was represented to the cities.

Gary said translated over a number of years, the City would not be able to maintain the roads at the level that was anticipated when the \$.05 sales tax was put into place. There were roads to repair, and there were more roads to repair than the rural counties had to repair, but the cities were receiving a very small percentage of what the rural counties were receiving. Gary said it was a lot of money.

Councilmember Davis said the residents were paying an extra \$.05 per gallon of gas, but that money was not staying in the urban areas; it was being redistributed to rural counties.

Gary said that was correct.

Councilmember Davis said during the legislative process, generally the legislative fiscal analysts were running the numbers; didn't that happen in this case.

Gary said because the overall effect didn't change, it wasn't discovered. They were not looking at how the money was divided, they were simply looking at the total amount.

Councilmember Davis asked if they anticipated a fix in the next legislative session

Gary said they would have to do something; there would be a firestorm when the information was out to everyone. The longer it was in place the more the City would lose.

Councilmember Freitag arrived at 6:21 p.m.

Tracy reviewed property tax information and the proposed 2% decrease; the City would receive approximately \$136,000 less in property tax revenue. He reviewed information about how Prop 1 money would be spent.

Mayor Stevenson said at the COG meeting, the County had indicated that their funds would be set up as matching funds. He said the County would like to see the cities working together on projects; they wanted to see at least a 30% match.

Councilmember Day said relative to the property tax decrease; was everyone on board with that.

Councilmember Brown said she was okay with it on a one-time basis, with no guarantees of additional decreases in the future.

Councilmember Freitag indicated that he was in favor of the 2% decrease.

Councilmember Davis said he was okay with it.

Councilmember Davis asked if the City could go back to the certified tax rate in the future without doing a truth in taxation hearing.

Tracy said no; they would have to go through the truth in taxation process.

DISCUSSION – REVIEW OF POOL STUDY

Alex said this was not a full study of the pool that was discussed. He said Staff had been doing some internal analysis to look at current operations to get a better understanding of the finances, patronage, hours of operation, etc. Alex said before looking at new facilities, Staff wanted to look at the City's own facility to see if there were options to make it more efficient. He said Staff would be presenting that analysis this evening for Council to see what possibilities might exist with the existing structure.

David Price, Parks and Recreation Director, said Staff wanted to present some options for Council to consider. He presented information about daily activity at the pool at various times of the day. Early morning hours were busy with aerobics and lap swimming; water walkers and Mountainland Therapy used the pool for therapeutic treatment. The high school swim teams and private swim teams used the pool in the afternoon; at 4:00 p.m. it transitioned into swim lessons.

Mayor Stevenson said when the schools came over, did the students pay to use the pool.

David said no; that was handled through the joint use agreement the City had with the School District.

Councilmember Brown said this was only for winter hours.

Davis said that was correct; the data was only from the winter months.

David presented several options. Option 1 would have the pool closed until 2:00 p.m. Monday through Friday. He reviewed information about the number of patrons that would be displaced and the amount of revenue that would be lost. David said the City would also lose employees; 1 full-time assistant manager and 1 pool supervisor would be cut. He said the transfer from the general fund would be very close to what was currently being transferred. David said, in his opinion, Option 1 was not a good option.

Option 2 would have the pool open from 6:00 p.m. to 10:00 p.m. Monday through Friday. This option would cost more money than Option 1 and the City would lose the swim teams and swim lesson fees.

David explained the interlocal agreement with the School District, which allowed the School District to use the pool without paying, and the City to use the joint use gymnasiums without having to pay for utilities. He said this option would take away that agreement, which would require the City to start paying for use of the gymnasiums.

Option 3 would have the pool open in the early morning hours, closed from 9:00 a.m. to 2:00 p.m. and then open from 2:00 p.m. to 10:00 p.m. This would still allow for early morning use and swim team use. It would remove 1 full-time employee and cause a reduction in part time hours. David said there was a noticeable decrease in the general fund transfer.

Option 4 was to close the pool in the winter. There would be a substantial savings and a loss of a large number of employees. This would require a transfer from the general fund of \$235,000.

Mayor Stevenson asked if that was because the pool didn't even make money in the summer months.

David said that was correct. He said through a preliminary study of other facilities, there were no facilities that covered their own costs whether they were summer only or an indoor facility. David said most facilities could cover between 40% and 60% of their costs.

Mayor Stevenson said whether the pool stayed open or not, it was becoming more and more aged. The useful life of the pool was coming to an end; there either had to be an extensive refurbishment or a new facility. He asked Staff how soon they could get cost information, with two or three options, back to the Council for review.

David said that was a perfect lead-in to the next part of the presentation.

Councilmember Day asked if Staff had considered closing earlier at night.

David said no, but they could look at that.

David presented information on a proposed work plan for a comprehensive pool study. He said Staff felt that they could come back with good information in October. David said this was a complicated process, and the answers were not easy. He said Staff felt that they could supply the Council with enough information that they would be able to make a better educated decision about the future of the pool.

David said JoEllen Grandy would be spearheading the work for the study. He said JoEllen would reach out to stakeholders and individual Councilmembers for their opinions. David said they would also interview School District users, pool program users, and open play users. David said this information

would allow Staff to provide the Council with possible alternatives so that decisions could be made moving forward.

Councilmember Petro said relative to stakeholder interviews, she would suggest interviewing season pass holders for their opinions.

David said Staff would include them in the interview process.

Alex said one of the things he thought that would be important for the Council to think about was if the concern was primarily to address a financial issue or a customer service issue, or maybe it was both. He said he was quite confident that the Council would find that any new amenity or facility would only make the financial commitment bigger; that was a reality of pool operations. Alex said the City couldn't build itself out of the financial issue by building new facilities because the economics simply didn't work. He said if it was looked at from a customer service perspective that was a different issue. Alex said Staff wasn't saying that was right or wrong, but if anyone anticipated that through this study they would find a silver bullet that would indicate that by building a new amenity the financial subsidy could be reduced that probably wasn't even in the realm of possibilities. Even with new facilities that were being built, that didn't exist. Alex said it was important to try and settle in on what the priorities of the Council were. He said that was the purpose of interviewing the various stakeholders; to determine what the priority was. Alex said Staff could determine quite quickly what the debt service would be on a new facility and have that information back to the Council.

Council and Staff discussed Provo City's recent bond election to fund a new facility and the willingness of Layton residents to authorize a bond.

David clarified that most entities covered 40% to 60% of their facilities' operating costs; that was on top of the capital costs to build facilities. He said there was very little change in that percentage whether it was an older facility like Surf 'n Swim or a brand new facility.

Mayor Stevenson said this information was what the Council needed to see; was the pool business beginning to be obsolete and what did the future show for pools. He said if the City was going to stay in the pool business did they need to build a new facility. Looking at this from a business standpoint; should the same amount of money be used to support something that more people were interested in utilizing, similar to the trend of shifting from tennis courts to pickle ball courts. The number of people using the pool facility was minor when compared to other activities such as youth sport programs.

David said there were some trends that were occurring. Swimming was not the only entertainment available like it was 30 years ago. There were many more opportunities for leisure activities in cities.

Councilmember Freitag asked if they would look at more than just a pool; some cities had incorporated recreational centers with their pools.

David said the focus would be the pool, but in the case studies they couldn't avoid looking at recreation centers. Almost all the pools being built in the last few years included recreation centers.

Councilmember Freitag said he felt that a fee study was necessary; what were people willing to pay to use the facility.

David said a new facility at Jordanelle was charging \$20 an hour. He said Staff would include that information in the study.

Councilmember Freitag asked when the new park would be opening.

David said all of the amenities were in; they were waiting for the grass to grow. He said it would be about 6 weeks.

Alex said the Council would need to be thinking about a name for the park.

The meeting adjourned at 6:58 p.m.

Thieda Wellman, City Recorder