

**MINUTES OF LAYTON CITY
COUNCIL MEETING**

JUNE 16, 2016; 7:01 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, BILL WRIGHT,
TRACY PROBERT, PETER MATSON, DEAN
HUNT, ALLEN SWANSON, CASEY ANDERSON
AND THIEDA WELLMAN**

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

Mayor Stevenson opened the meeting and led the Pledge of Allegiance. Councilmember Brown gave the invocation. Scouts and students were welcomed.

Mayor Stevenson indicated that Councilmember Petro was joining the meeting on the telephone.

MUNICIPAL EVENT ANNOUNCEMENTS:

Councilmember Brown mentioned all of the activities that would be held as part of the July 4th celebration.

Mayor Stevenson said because of the finale issue last year, this year the fireworks show would begin with last year's finale, then the fireworks show and then this year's finale. He said it would be a spectacular fireworks display.

Councilmember Brown suggested that residents review the map on the City's website that identified those areas where fireworks would be allowed.

PRESENTATIONS:

PROCLAMATION – LAYTON INDEPENDENTS WEEK

Mayor Stevenson read a proclamation proclaiming the week of July 1 through 7, 2016, as Layton Independents Week, which recognized local businesses.

CITIZEN COMMENTS:

Roy Millard, 1074 West 600 South, commented on moving funds within the various funds. He said he would rather see that money refunded to the citizens; it would be forgotten in the general fund.

Mayor Stevenson said the Finance Director, Tracy Probert, would explain that as part of the budget presentation.

CONSENT AGENDA:

**COMMUNITY WILDFIRE PROTECTION PLAN FOR THE WILDLAND URBAN INTERFACE
– RESOLUTION 16-40**

Kevin Ward, Fire Chief, introduced Fire Marshall, Dean Hunt, and Fire Inspector, Casey Anderson. He said Resolution 16-40 would adopt the Community Wildfire Protection Plan. He said this past legislative session, SB 122 was a culmination of a couple of years of work on wildland fire policies and how wildland fires were paid for within the State. Kevin said SB 122 required local entities to equip, train and certify personnel so

that there was a better response for wildland urban interface fires. He said it called for municipalities to participate in mitigation efforts and public education programs, and it required a Community Wildfire Protection Plan. Kevin said the City had met the requirements of SB 122 with the exception of adopting a Plan. He said the Plan provided a partnership between various federal, state, county and local partners to identify and mitigate risks within and around the City. Kevin said Casey would be reviewing the Plan on a quarterly basis and making necessary changes. He thanked Casey for his efforts in putting the Plan together.

Casey said without the authority from the City to make these agreements, none of this would work. He thanked Chief Ward for his support.

Dean Hunt said this Plan also allowed the City to apply for grants through the State; the City would be applying for some of those grants in the future.

Kevin said Staff recommended approval of Resolution 16-40.

INTERLOCAL AGREEMENT WITH DAVIS COUNTY TO SHARE PROGRAM FUNDS PROVIDED BY THE 2016 EDWARD BYRNE MEMORIAL JOINT JUSTICE ASSISTANCE GRANT – RESOLUTION 16-42

Allen Swanson, Police Chief, said Resolution 16-42 was a joint application from the City and Davis County for the 2016 Byrne grant in the amount of \$14,070; the City's share of the grant would be \$11,770. He said the grant required that the City enter into an interlocal agreement regarding the distribution and use of these federal funds. Allen said the City would use its portion of the grant to purchase a forensic extraction device and software, as well as training for the investigators that would use the device. He said Staff recommended approval.

INTERLOCAL AGREEMENT WITH THE DAVIS SCHOOL DISTRICT FOR THE SCHOOL RESOURCE OFFICER PROGRAM – RESOLUTION 16-43

Allen Swanson said Resolution 16-43 was an interlocal agreement with the Davis School District for resource officers. He said the City, through the Police Department, provided school resource officers to the School District for junior high schools and high schools located within the City. Allen said this was a continuation of previous agreements. He said the agreement established salary costs, responsibilities, and it articulated expectations of the parties involved. Allen said Staff recommended approval.

Councilmember Freitag asked if there was a clear distinction on the duties of the resource officers in that they were not involved in the discipline of students, or involved in enforcing school policies and procedures.

Allen said yes; the agreement specified that the officers would not get involved in administrative policies.

RE-APPOINTMENTS TO THE PLANNING COMMISSION – DAWN FITZPATRICK, WYNN HANSEN AND DANIELA HARDING – RESOLUTION 16-41

Peter Matson, City Planner, said Resolution 16-41 proposed the reappointment of three existing Planning Commission members; Dawn Fitzpatrick and Wynn Hansen as regular members and Daniela Harding as an alternate member. Peter said Mayor Stevenson recommended approval of the reappointments and Staff supported that recommendation.

Councilmember Day said he understood that when Dave Weaver and Delanie Nalder were appointed to the RAMP Committee, they would vacate their seats on the Planning Commission and the Museum Board. He said that didn't happen with Dave Weaver but it did happen with Delanie Nalder. Councilmember Day said he didn't have a problem with Dave Weaver staying on the Planning Commission because he did a good job, but Delanie did give up her position on the Museum Board and he felt that it was only fair that if she wanted the Museum Board position back she should have that opportunity. Councilmember Day asked what the status was of the other alternate, Randy Pulham.

Mayor Stevenson said Randy resigned his position. He said there would be another appointment in the near future.

Mayor Stevenson said he would follow up with Dave Weaver about that appointment.

ANNEXATION REQUEST – DONALD NEVILLE – ACCEPTANCE AND CERTIFICATION OF PETITION – APPROXIMATELY 1900 WEST 1000 SOUTH – RESOLUTIONS 16-33 AND 16-34

Peter Matson said this was an annexation petition submitted by Donald Neville for 12.23 acres of property located on the south side of 1000 South at 1900 West. He displayed a map and identified the property. Peter said this property was near the new junior high school property that was recently annexed into the City, and abutted the alignment of the future West Davis Corridor.

Peter said once the property was annexed into the City, the Council would receive a petition to rezone the property to R-S PRUD to allow for future development by Ovation Homes. He said included in the packet was a certification letter from the City Recorder, Thieda Wellman, certifying the annexation petition. Peter said Staff recommended approval.

Peter said once this was complete, a 30-day protest period began with notices going out to affected entities. He said it would come back to the Council after that 30-day period.

Councilmember Brown asked about the portion of property to the north being left out of the annexation; didn't that create a peninsula.

Peter said in doing the measurements, and based on the State Code definition of a peninsula, it did not meet that definition.

Councilmember Day asked if the Neville property fronted onto 1000 South.

Peter said yes; that property was already in the City.

OFF-PREMISE BEER RETAILER LICENSE – SINGH INVESTMENTS LLC DBA PICK & GO FOOD MART – 1365 NORTH HIGHWAY 89

Peter Matson said this was an off-premise beer retailer license for Singh Investments LLC, doing business as Pick & Go Food Mart located at 1365 North Highway 89. He said this was a convenience store located on the west side of Highway 89. The ownership and management had changed, which required a new license. Peter said the location met all buffer requirements and background checks had been approved by the Police Department. He said Staff recommended approval.

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. He said there was one proposed change that related to an increase that had been passed onto the City by the North Davis Sewer District; the Sewer District was increasing their monthly fee by \$3 beginning July 1st. Tracy said citizens would see a \$6 increase on their bill as the City billed every two months. He said Staff recommended approval.

MOTION: Councilmember Brown moved to approve the Consent Agenda as presented. Councilmember Davis seconded the motion, which passed unanimously.

PUBLIC HEARINGS:

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

Tracy Probert said Ordinance 16-25 would amend the current fiscal year budget. He said there were a number of amendments necessary for the end of the year; the amendments were discussed in detail in the earlier work meeting. Tracy said the general fund amendments proposed a change of \$1,052,373. In order to accommodate those appropriations a use of fund balance of \$572,155 was necessary.

Tracy indicated that the changes included an overlay of Fort Lane and Angel Street; there were some over runs in the Street Department in fuel, salt and parts costs; and the animal control contract with Davis County increased. He said there were \$420,995 in funds that the City did not have a preliminary estimate; such as Police and Fire special services, equipment rental with the DATC, class fees, insurance proceeds, developer fees, and donations. Tracy said in addition to that, \$59,223 was received in grant revenue that was unanticipated when the original budget was adopted.

Tracy said there was a list included in the packet of other funds that were adjusted, including the B & C Road fund for \$502,000; the Impact Fee fund for \$217,000; the CDBG fund for \$140,000; Emergency 911 for \$419; Davis Metro for \$31,423; Capital Projects fund for \$555,000; Street Lighting fund for \$192,000; Storm Sewer fund for \$232,800; the Swimming Pool fund for \$1,300; the EMS fund for \$129,566; the Athletic fund for \$51,000; and the Debt Service fund for \$42,000.

Tracy said those comprised all the proposed amendments to the 2015-2016 budget. He said Staff recommended approval.

Mayor Stevenson opened the meeting for public input. None was given.

MOTION: Councilmember Davis moved to close the public hearing and approve the amendments to the 2015-2016 budget as presented, Ordinance 16-25. Councilmember Day seconded the motion, which passed unanimously.

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 Ordinance 16-26 would adopt the budget for the upcoming fiscal year 2016-2017, which began July 1, 2016. He said the tentative budget was adopted in May and had been available online for public review since that time. Tracy said Ordinance 16-26 would also adopt the property tax rate and the compensation schedule for elected, statutory and appointed officials.

Tracy said relative to the letter that was sent out in the utility bills, the State required that municipalities send out the letter. He said the practice of transferring money from the water, sewer and storm sewer fund was not something that was new; the letter was new. Transfers had been happening in those funds for more than 30 years. The purpose of the transfer was that each of those utilities was intended to stand on their own; the water fund was intended to support itself with its rate structure to provide for capital in the water fund, to build out the system, and for maintenance of the system. Likewise for the sanitary sewer portion and the storm water system; those systems were meant to be independent and stand alone, and their fee structure was meant to support them.

Tracy said what they didn't have were things like their own legal counsel, their own financial manager, or their own accounting staff. They had management, but the Public Works Director was also paid out of the general fund. He said the City Attorney and his Staff, and the Accounting Staff were paid out of the general fund of the City. The logic, when the transfers began, was that a formula would be developed and transfers made to reimburse the general fund for costs that the various funds incurred. Tracy said that allowed for the

users of the system to pay for the service entirely instead of having the general fund, which was funded by property tax and sales tax, covering the cost of those utilities. That was the purpose of the transfers.

Alex Jensen, City Manager, said unlike other cities that had made the news recently, in its entire history Layton City only transferred what those actual costs were. He said the City wasn't taking excess cash that was in the enterprise funds and moving it into the general fund as a way to have funds to do projects. Alex said it was really about financial integrity from an accounting perspective. He said it was the same philosophy that was used with regard to private utilities such as Questar Gas or Rocky Mountain Power; entities that used the City's rights of way to conduct their business had to pay the City for the benefit of doing that. The idea was so that the general taxpayers of the City weren't subsidizing those operations. The City applied that same principle even internally because enterprise funds were meant to stand alone and function like a business. Alex said they didn't want the property taxes of a general taxpayer to subsidize those that may use the enterprise systems more heavily than others; everyone needed to pay their fair share. He said whatever the cost was, and not a cent more, was transferred to the general fund. Alex said the City had been doing this for a number of years and it had been a good practice; other cities had not done that, which had led to some of the concerns that had been out in the communities in the last few years.

Tracy said there were a few things that had changed since the tentative budget was adopted. He said the tentative budget proposed to adopt the certified tax rate, which was the property tax rate that the Utah State Tax Commission and Davis County allowed. The budget being presented this evening proposed adopting a property tax rate that was 2% less than the certified tax rate. The Mayor and Council recommended decreasing the property tax rate being charged to property owners by 2%. Tracy said the City would collect \$136,384 less than it would have collected at the certified tax rate.

Tracy said there was a change from the tentative budget relative to employee compensation. He said employee compensation was originally proposed to be a 3% merit adjustment, and that was changed to 3% for all compensation adjustments. That change resulted in a decrease in personnel costs of \$101,238.

Tracy said there was an increase in the animal control contract over what was presented in the tentative budget. He said there was a renegotiation of the animal control contract and that renegotiation resulted in Layton City needing to increase the budget by \$51,195 for the upcoming fiscal year.

Tracy said there was a change in the Police Support Division; the Police Department was able to obtain a grant for some equipment that was proposed to be paid for by the general fund in the tentative budget. That equipment had been removed from the general fund budget, which resulted in a \$10,793 reduction.

Tracy said in the tentative budget a certain level of projects was proposed in the water fund. He said it was determined that the current rate structure would not be able to support that level of projects. Projects in the water fund budget had been reduced by \$650,000.

Tracy said overall the City's budget, including all funds, was \$74,609,874, with 37% of revenues coming from taxes and 39% coming from fees. He said approximately \$29,000,000 was used to cover personnel costs; \$22,300,000 for operations, which was supplies and materials; \$10,100,000 for capital equipment and projects; and \$3,100,000 for debt service. Tracy said the bulk of transfers from the general fund related to capital projects.

Tracy said the certified tax rate was 0.1842%; with a 2% decrease it would be 0.1805%. This would be the City's rate, not the total rate the citizens would pay. He said that would result in \$136,395 in savings for property taxpayers.

Tracy said relative to Proposition 1, the new funding for transit oriented projects, the City anticipated receiving \$1,071,630. He said \$651,000 would be used for Public Works related projects and \$420,630 would be used for Parks and Recreation related projects.

Councilmember Freitag said 4.16% of the budget would be used for debt service. He asked how that compared with other cities.

Tracy said it was very low. He said that also included the UTOPIA payment. The one bond issue the City had was almost pennies.

Councilmember Freitag said some cities spent 10% or 20% of their budgets paying back debt; Layton's was very, very low. He said the City was also able to build the rainy day fund in some funds.

Tracy said that was correct.

Mayor Stevenson opened the meeting for public input.

Mike Wynn, 1185 East St. Joseph, asked why the City had chosen to make the 2% change in the property tax rate, and why was the adjustment not larger or smaller; what was the purpose. It was almost meaningless.

Mayor Stevenson said the certified tax rate was the rate cities were allowed to charge on property taxes. He said the Council felt that with everything that was happening in the City, and the funds that were being received, that the City could actually decrease the tax rate. Mayor Stevenson said he would love to see over the next few years, without making any promises, that the City try and decrease the property taxes even more. He said it was much better that they were going down than going up. Mayor Stevenson said after looking at the budget, he and the Council thought this might be a good place to start. He said it wasn't a lot of money, but it was a trend in the right direction. Mayor Stevenson said very seldom did anyone decrease property taxes; this was hopefully a starting point.

Councilmember Freitag said the citizens had been very generous to each other and the City with consideration of the RAMP tax and Proposition 1. He said there wasn't another jurisdiction in the State of Utah reducing their property tax rate. After looking at the budget the Mayor and Council tried to give back to the citizens. Councilmember Freitag said the City was very frugal financially, but the Council wanted to see if there was anything they could do to give back to the citizens. This was the amount they felt the City could afford.

Mayor Stevenson said hopefully in the coming years the City could continue some type of a trend downward.

Roy Millard, 1074 West 600 South, said if he understood it correctly, the City had three different savings accounts based on the water, sewer and storm sewer; once a year the City withdrew from those savings accounts to pay the general fund back.

Mayor Stevenson said, for example, the water fund was a separate business that had to create revenue to pay for its expenses. The general fund paid the salaries of employees that provided services to the water fund, and the water fund was basically reimbursing the general fund for those employees. Instead of the employees being paid out of the water fund, they were paid out of the general fund and reimbursed by the water fund. It was no different for trucks or equipment that were used in the water fund but paid for out of the general fund. The City didn't take money out of the water fund to build ball parks or buy fire engines; none of that took place. The water fund only reimbursed the general fund for actual costs of doing business.

Shawn Shuler, 1161 North 1725 East, said he had some of the same questions and concerns. He said it appeared that there was extra money in the water fund and sewer fund that was being spent for extra things in the general fund, but apparently that wasn't what was happening. Mr. Shuler said he was perfectly content with the way it was being handled.

Mr. Shuler asked for clarification about the funds that were transferred in and out of the general fund to other funds.

Tracy explained that funds were transferred from the general fund to other funds to accomplish goals such as

projects. He said the money would move from the general fund into a capital projects fund. Tracy said the monies were accounted for in other funds of the budget.

Mr. Shuler said on page 18 of the proposed budget there was an inter-fund transfers table that showed where the money was coming from and where it was going to. He said for example, \$95,000 was coming from the general fund to the storm sewer fund, and then \$232,000 came right back out of the storm sewer fund to the general fund; this seemed a little strange.

Tracy said the \$95,000 was transferred to purchase a piece of equipment that cost about \$200,000. The City wanted to be able to account for that piece of equipment in one fund rather than having half of a truck in one fund and half of a truck in another fund. In order to be completely transparent, money was moved from the general fund to the storm sewer fund in order to purchase the equipment that would be shared with the streets division.

Lennis Hall, 1727 East 1225 North, recommended adding footnotes in the budget to explain these transfers.

Mayor Stevenson said maybe Staff could explain this in the next newsletter.

Mike Wynn, 1185 East St. Joseph, said this was a slush fund issue. The City was charging something and then transferring the money out of the account. The City indicated that it was for general administrative overhead or other purposes to reimburse existing other services that weren't held within the domestic cost structure of the water or sewer, but it didn't address the fact of where the money was being accumulated in ratio to the usage against that overhead. Overhead in account, and gap requirements must be tied to the usage or basis; there was no clarity here.

Tracy said the formula used to calculate it was based on revenue, which was generated on the rates that were structured based on the usage.

Mr. Wynn said there was no documentation that it was being done right.

Tracy said he had documentation that it was being done right.

Mr. Wynn said no; was the cost they were trying to reimburse ratioed to usage or was it ratioed to existing basis.

Tracy said he would have to do some research on what Mr. Wynn was asking.

Mayor Stevenson said when the City charged rates, it was not only charging rates to continue to make the water company run during a given year, but they also had to be smart enough to be able to pay for future development and repairs. There had to be dollars continually built to cover unexpected costs.

Mayor Stevenson said the City was audited every year by an independent auditor. The City always received the highest recognition for following proper accounting principles. He said the City was trying to make this as transparent as possible.

Gary Crane, City Attorney, said fees in the State of Utah had to be tied to costs. Essentially you looked at the overall costs of running the enterprise; it wasn't necessarily broken down by household but it was broken down by the total costs of running the business. The fees were tied to a percentage of those costs. The fees had to be tied to a cost; cities couldn't increase fees without tying them to some cost. Gary said the general account principles used by the Finance Director would follow up on that rule and make sure the costs were tied to the established fees.

Mr. Wynn said so it was cost based not overhead or GNA. That was different than business accounting.

Chad Bell, 516 South 850 West, asked for clarification on employee compensation.

Tracy said originally it was a straight 3% merit increase. In the end there was a program that was to be instituted by the Police Department. Some of the 3% merit increase was segregated out to help implement that program in the Police Department, which resulted in a 2.5% merit increase for all employees and the addition of the Police Department program.

Mr. Bell asked if the increases were within the bounds of the pay structure for each of the employees.

Tracy said yes.

Mr. Bell read from the City Manager's budget statement, "Utility revenues particularly in water fund are not increasing at the pace as development. It appears that conservation on the part of users has decreased consumption and revenue to the City." He said there had been some cities where that consumption had decreased and the rates, because of the consumption decrease, had increased. Mr. Bell said he would like to know what the City was doing to address that so that the patrons did not get slapped in the face for their conservation efforts. He said if he conserved water he felt that he should be rewarded for that in the fact that he shouldn't have to pay a higher bill for his water in the future. Mr. Bell said there were some cities where that revenue had decreased and they increased water rates to make up the shortfall.

Mayor Stevenson said for this coming fiscal year the City was not raising water rates. He said in a recent meeting with Weber Basin Conservancy District, they indicated that in looking at future needs they would probably have to raise rates. Mayor Stevenson said about 50% of the City's water came from Weber Basin; if they raised rates the City would have to raise rates. He said that wasn't happening this coming year, but that could change in the future.

Mr. Bell said he understood that the sewer rate increase was a pass-through from North Davis Sewer District, but was there anything the City could do to negotiate that rate as it had almost doubled since 2010.

Mayor Stevenson said he sat on the Sewer District Board. He said that rate increase started in 2014. Mayor Stevenson said he understood that they had not had a rate increase since 1995 until this time. The rate increase was necessary to cover improvements required by the EPA. Millions of dollars had been spent upgrading the sewer plant and expanding capacity to handle growth happening in the County. Mayor Stevenson said there had been many discussions about ways to decrease costs, but that was unlikely. He said the Sewer District probably should have been planning for the future and making small rate increases since the 1990s. Mayor Stevenson mentioned some of the improvements being made.

Councilmember Freitag mentioned that the City had been working on a very comprehensive water master plan that addressed both culinary and secondary water.

MOTION: Councilmember Freitag moved to close the public hearing and adopt the budget, property tax rate and compensation schedule for elected, statutory and appointed officers for fiscal year 2016-2017 as presented, Ordinance 16-26. Councilmember Brown seconded the motion, which passed unanimously.

Mayor Stevenson reminded everyone of the air show at Hill Air Force Base next weekend. He said they expected over 500,000 people each day. This was the largest air show in the nation.

The meeting adjourned at 8 18: p.m.

Thieda Wellman, City Recorder