

**NORTH OGDEN CITY COUNCIL WORK SESSION
MEETING MINUTES**

April 9, 2019

The North Ogden City Council convened in an open meeting on April 9, 2019 at 4:21 p.m. at the North Ogden City Office at 505 East 2600 North. Notice of time, place, and agenda of the meeting was posted on the bulletin board at the municipal office and posted to the Utah State Website on April 3, 2019. Notice of the annual meeting schedule was published in the Standard-Examiner on December 28, 2018.

PRESENT: M. Brent Chugg Mayor
 Ryan Barker Council Member
 Blake Covering Council Member
 Cheryl Stoker Council Member arrived @ 4:24 pm
 Phillip Swanson Council Member
 Carl Turner Council Member

STAFF PRESENT: Jon Call City Administrator/Attorney
 Annette Spendlove City Recorder/HR Director
 Dave Espinoza Public Works Director
 Evan Nelson Finance Director
 Dirk Quinney Chief of Police
 Tiffany Staheli Parks & Recreation Director
 Dave Smith Storm Water Superintendent
 Brian Galvez Solid Waste Superintendent
 Jami Jones Treasurer

VISITORS: Kevin Burns Reese Demill Brenda Upright
 Stephanie Casey Julie Anderson

Mayor Chugg called the meeting to order. Council Member Swanson offered the invocation and led the audience in the Pledge of Allegiance.

AGENDA

1. PUBLIC COMMENTS

Mayor Chugg recognized Reese Demill and Brenda Upright from Republic Services; he thanked them for providing dinner for the Council for tonight's meeting.

Mr. Demill stated that Republic Services enjoys the relationship it has with North Ogden City and is grateful for the City's trust in Republic to perform a quality waste collection and hauling service to City residents.

Council Member Turner asked Mr. Demill for an update regarding the recent trends in recycling practices and associated costs. Mr. Demill stated that professionals in the recycling industry believe that the prices for recyclable materials have now 'hit rock bottom'. He understands that efforts are underway in other communities to pursue recycling options that will be more beneficial for the government entity and residents. He noted that often there is a heavy focus on the cost per ton of recyclable materials and the impact that cost has on monthly rates charged to users, which is truly minimal.

Council Member Swanson stated he has spoken with the owner/operator of a local recycling facility and, following the meeting, he can provide additional information to the Council regarding potential changes to recycling practices in the area.

City Recorder Spendlove then noted today is Mayor Chugg's birthday and she invited all in attendance to join her in singing Happy Birthday to him.

2. DISCUSSION ON 2019-2020 BUDGET

Finance Director Nelson reported the purpose of this work session is to focus on the City's storm water and solid waste funds. He reviewed a staff report and used the aid of a PowerPoint Presentation to summarize the operational and capital requests for the two Divisions of the City.

a. Storm Water Fund

Market and Merit Wage Adjustments	\$20,594
Utility Truck 50/50 split with Water	\$31,000
Vehicle Rotation Net Cost (3 vehicles)	\$1,500
Rear Boom Mower	\$27,000
Tractor	\$49,000
Swivel Boom	\$9,000
White Rock Debris Basin (grant/developer funded; roll-over FY19)	\$200,000
Public Works Basin Expansion (Use of Impact Fee Funds)	\$223,950
Administrative Fee to General Fund (\$130,523 increase)	\$258,109

The proposed Storm Water budget includes an estimated fund balance of \$2,192,807 at the beginning of Fiscal Year 2020. \$251,950 of that balance is proposed to be expended on vehicles and equipment. With estimated revenues and expenditures from Fiscal Year 2020 added to the equation, the estimated fund balance at the end of Fiscal Year 2020 is \$2,287,014.

The White Rock debris basin capital project is currently underway. It is anticipated that the project will finish during the first part of Fiscal Year 2020. \$200,000 is budgeted as a roll-over from Fiscal Year 2019 for the completion of this project. It is funded \$50,000 from the developer and \$150,000 from the FEMA grant.

The budget also contains a proposal to expand the storm basin at the Public Works facility. \$223,950 is the engineer's estimate for this project. Impact fee fund balance will be used for this project, which will help the City stay within the time requirements for expenditure of impact fees.

The proposed budget contains \$346,157 allocated to asset repair and replacement. The asset repair and replacement model would recommend setting aside \$621,690 for this purpose. The current Storm Water budget does not include a recommended utility rate increase. If the Council is interested in funding future asset repair and replacement at a higher level, we can discuss the options. A recalculation of administrative and motor pool expenses to the Storm Fund has reduced projected operational expenses and allowed for budget proposals without a rate increase.

In recent budget discussions, staff had proposed increasing contributions to employee 401K accounts. This proposal has been eliminated from the current budget in an effort to balance the General Fund and to be able to fund other priorities.

b. Solid Waste Fund

Market and Merit Wage Adjustments	\$11,722
Transfer Station Tipping Fees (\$9,856 increase)	\$311,596
Garbage Collection Contract (\$42,970 increase)	\$457,970
Recycling (\$7,380 increase)	\$45,900
Tractor	\$49,000
Administrative Fee to General Fund (\$35,381 increase)	\$122,828

Increases proposed in the Solid Waste Fund budget are primarily related to personnel and contracts for the collection and disposal of solid waste. The budget includes an estimated fund balance of \$246,765 at the beginning of FY2020. \$45,000 of that balance is proposed to be expended on garbage cans. With estimated revenues and expenditures from FY2020 added to the equation, the estimated fund balance at the end of FY2020 is \$246,300. Because the increased expenses can be covered with projected revenues, a rate increase is not being proposed in the Solid Waste Fund.

Throughout the presentation there was discussion with Public Works Director Espinoza and his staff regarding the scope of various capital projects and the justification for equipment purchases; funding sources for various projects, i.e., general fund, utility fee revenues, grant funds, and impact fee funds;

c. Utility Rates

Mr. Nelson used the aid of his PowerPoint presentation to summarize the proposed utility rate increases for FY2020:

FY2020 Proposed Utility Rate Increases

	Current Rates	Proposed	Operations Increase	Asset R&R Increase	Total Increase
Water	\$ 14.97	\$ 16.18	\$ 0.75	\$ 0.46	\$ 1.21
Central Weber	\$ 16.52	\$ 16.97	\$ 0.45	\$ -	\$ 0.45
Sewer	\$ 9.20	\$ 10.04	\$ 0.56	\$ 0.28	\$ 0.84
Storm	\$ 11.53	\$ 11.53	\$ -	\$ -	\$ -
Trash	\$ 12.33	\$ 12.33	\$ -	\$ -	\$ -
Transportation	\$ 3.00	\$ 3.00	\$ -	\$ -	\$ -
TOTAL	\$ 67.55	\$ 70.05	\$ 1.76	\$ 0.74	\$ 2.50

The Council's discussion of utility rates centered the tentative schedule of rate increases for the various Special Service Districts to which the City is a party. Council Member Swanson asked if it would be appropriate to delay the \$0.45 rate increase for Central Weber until the actual rate is increased by that District. Mr. Nelson stated that would be fine as well, but the \$0.45 monthly increase would cover the increase; it is the equation of the six months of total increase prorated over a 12-month period. Council Member Barker stated he would prefer to raise rates once rather than raising all other rates now and then raising the Central Weber rate in January of 2020.

There was then a focus on funding of depreciation, which is the allocation of money for the repair and replacement of City assets. The proposed budget includes a \$346,157 allocation for depreciation, compared to the current year allocation of \$310,000. The depreciation funding model prepared by previous Governing Bodies calls for an allocation of \$621,690 in FY2020. The breakdown of this funding recommendation is \$545,263 for repair/replacement of infrastructure lines and \$76,427 for equipment. The Council asked Public Works Director Espinoza if he is comfortable that the revenue to be generated by the rate increases will cover the needs of his Department, to which Mr. Espinoza answered yes. He added he feels the proposed rate increases are reasonable.

Council Member Swanson stated that he would like for the Council to be provided with an analysis of the City's entire utility rate structure before making a decision on any adjustments or a depreciation funding allocation.

d. General Fund

Mr. Nelson reviewed the revised General Fund budget as follows. He noted that the changes were made according to the feedback received by the Council at the last budget retreat:

Market and Merit Wage Adjustments	\$261,341
401K Additional 3% match	\$82,779
New Part-time Code Enforcement Resource Officer (Police)	\$26,394
New Part-time Events Coordinator (Parks)	\$28,019
Part-time Parks position to full-time	\$29,462
Zoning Ordinance rewrite (Planning)	\$60,000
Portable and in-car radios (Police)	\$56,295
Elections	\$20,000

Mr. Nelson then discussed the City's General Fund Balance and the proposed transfer of funding from the fund balance (10-38-900) as needed. Mr. Call clarified that the \$1 million transfer identified in the budget will not necessarily occur; rather, it is a placeholder to capture the allowable fund balance amount allowed by the State of Utah and to provide for transfers to as needed. Last year, the City's fund balance exceeded the 25 percent of total budget maximum allowed by the State due to the fact that expenditures were approximately \$400,000 under budget and revenues were approximately \$200,000 over budget. This can result in a negative audit finding and to prevent that from occurring in the FY2020 budget year, Administration has decided to include the transfer option in the budget to facilitate a transfer of any money that exceeds the fund balance maximum.

e. Aquatic Center Fund

A staff memo from Parks and Recreation Director Staheli explained pool fees for North Shore Aquatic Center were last adjusted in 2012. Over the course of the last few years we have made adjustments to expenditures for wages for seasonal staff and there have been overall increases in expenditures due to inflation and the increasing age of the facility. As we continue to work towards covering our costs with revenues, we propose consideration of increasing all admission rates by \$0.50; if adopted, these changes would become effective for the 2019 seasonal year at the Aquatic Center. We will also propose adjustments to the fees for swimming lessons, season passes and group reservations as part of the budget process. However, because sale of these items has already started for the 2019 Aquatic Center season, we would suggest putting those fees in effect on October 1st of this year. This will impact the current fiscal year but will not cause a change to items that are already being sold for this seasonal year at the Aquatic Center.

Ms. Staheli reviewed her staff memo and facilitated discussion among the Council regarding the proposed fee increases and the anticipated revenue increases associated with the rate increases. The Council concluded they feel the fee increases are reasonable and they are supportive.

Ms. Staheli and the Council then discussed the decision made during the last budget retreat to pursue the creation of a part-time Events Coordinator position rather than a full-time position in her Department. Ms. Staheli stated that she is concerned that it will be difficult to fill a part-time position. The Council discussed this concern, as well as the elimination of the 401 K match for employees in the General Fund; they explored options for funding a full-time position rather than a part-time position, including use of fund balance. Mr. Call noted that the City has typically not

used fund balance monies for ongoing operations. Council Member Barker stated that he does not support using fund balance money for ongoing operational expenses. The Council and staff participated in high-level philosophical discussion about reasonable funding sources for operational expenses as well as delaying the creation of certain employment positions until January of 2020 when Administration has more complete information about the state of the economy and how tax and building permit revenues are tracking.

The Council discussed the option of maintaining or increasing the current property tax rate. Council Member Swanson inquired as to the amount of money that would be generated if the City Council chose to maintain the current tax rate rather than accept the tax rate that will be recommended by Weber County, which is adjusted downward to account for growth in the City. Mr. Call stated maintenance of a tax rate generally equates to a three percent increase, which would generate approximately \$40,000 to the City's budget. If the City had been maintaining the annual tax rate dating back to 2005, the City's annual tax revenue would be \$1.8 million higher. He then noted that the City Council also has the ability to consider bonds that could be issued to pay for certain projects or operational costs.

The Council ultimately concluded to hold one more budget retreat meeting to further explore these issues on April 30 at 6:00 p.m. in advance of the meeting during which the Council is statutorily required to accept the tentative budget. Mayor Chugg asked that the Council be prepared to discuss funding options as well as expenditures such as the 401K match in the general fund and the creation of various employment positions.

f. Public Comments

Julie Anderson, 948 E. 2600 N., suggested that the Council consider an adjusted admission rate at the Aquatic Center for seniors and military members.

3. DISCUSSION ON THE AGE OF TOBACCO SALES

Council Member Swanson stated the State of Utah recently adopted legislation that would raise the legal age for tobacco purchases to 21 over the next two years. He asked for the Council to consider whether it is appropriate to follow those recent adjustments or do something similar to what Lehi City did, which was to adopt their own law to make the changes to legal age effective now. The Council briefly discussed the option of enacting a City law governing legal age for tobacco purchases and asked for input from Police Chief Quinney regarding the matter. Chief Quinney stated that it would be difficult for the City's Police Department to enforce a City law that is contrary to State laws. The Council ultimately reached a consensus to rely upon the State law rather than adopting an independent law.

4. PUBLIC COMMENTS

There were no public comments.

5. COUNCIL/MAYOR/STAFF COMMENTS

Parks and Recreation Director Staheli responded to Ms. Anderson's comments and noted that the rates for military members and senior citizens are already lower than basic admission rates. She then noted that in order to make the changes to the fees effective for the coming season, the Council would need to take action at their next meeting. Mayor Chugg asked that staff prepare an action item for the April 30 budget retreat to allow the Council to vote on the changes that were discussed tonight.

Council Member Swanson asked where storm water will be diverted during the project to expand the Oaklawn Park detention basin. Public Works Director Espinoza stated he will report back to the Council with that information.

Mr. Call reminded the Council of the Arts Guild Open House meeting scheduled for April 18 and encouraged the Council and anyone in the community to attend.

6. ADJOURNMENT

Council Member Turner motioned to adjourn the meeting. Council Member Swanson seconded the motion.

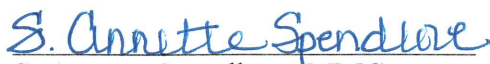
Voting on the motion:

Council Member Barker	aye
Council Member Cevering	aye
Council Member Stoker	aye
Council Member Swanson	aye
Council Member Turner	aye

The motion passed unanimously.

The meeting adjourned at 6:15 p.m.


M. Brent Chugg, Mayor


S. Annette Spendlove, MMC
City Recorder

11 June 2019
Date Approved