

## MAG Executive Council

**MINUTES | February 22, 2024 | 6:30 pm**



*Location: Central Utah Water Conservancy District, 1426 E. 750 N., Building #2, Orem, UT 84097*

*Zoom Link: given to members*

### **Attending:**

Mayor Carla Merrill  
Mayor Denise Andersen  
Bryn Johnson  
Mayor Tom Westmoreland  
Mayor Hollie McKinney  
Mayor Marty Larson  
Mayor Heidi Franco  
Mayor Kay Richins  
Mayor Kurt Ostler  
Mayor Matt McCormick  
Mayor Bill Wright  
Mayor Zane Woostenhulme  
LaNae Millett, representing  
Mayor Kurt Christensen  
Mayor Dan Olson  
Mayor Julie Fullmer  
Mayor Celeni Richins  
Council Member Kendall Crittenden  
Council Member Luke Searle  
Mayor Brent Winder  
Kent Wilson  
Ezra Nair

### **Representing:**

Alpine  
Cedar Hills  
Draper City  
Eagle Mountain  
Fairfield  
Genola  
Heber City  
Henefer  
Highland  
Kamas  
Payson  
Oakley  
Orem  
Salem  
Santaquin  
Vineyard  
Wallsburg  
Wasatch County  
Wasatch County  
Woodland Hills  
Senator Romney's Office  
Utah County

### **Excused**

Mayor Matt Packard  
Mayor Mark Johnson  
Mayor Carolyn Lundberg  
Mayor Michelle Kaufusi

Springville  
Lehi  
Lindon  
Provo

**MAG Staff:**

Michelle Carroll	LaNiece Davenport	April Crane	Jessica DeLora
Linda Cole	Shelly Leavitt	Jimmy Golding	Johnathon Knapton
Andrew Wooley			

**1. Mayor Celeni Richins called the meeting to order at 6:32 p.m. and welcomed the members and guests.** Introductions were made around the room.

**2. Public Comment**

None.

**3. Approved MAG Executive Council January 25, 2024 Meeting Minutes**

**Motion was made to approve the minutes by Mayor Andersen. Council Member Kendall Crittenden seconded the motion. The motion passed unanimously.**

**4. Approve MAG 2024 Scheduled Meetings Calendar**

It was noted that the April 4, 2024 MPO Board Meeting conflicts with Spring Break so the MPO Board Chair has decided to cancel that meeting. It was also noted that the September 5, 2024, MPO Board Meeting conflicted with the ULCT Annual Convention. This meeting will be moved to one week earlier on August 29, 2024. Therefore, we would also be canceling COG in April and we will discuss what to do with September at a later date.

Motion to approve the MAG 2024 Scheduled Meetings Calendar was made by Council Member Kendall Crittenden. Mayor McCormick seconded the motion. The motion passed unanimously.

**5. Ratify Appointments for 2024 MAG Policy and Advisory Committees**

Mayor Franco pointed out a mistake on the RPO Committee. It was not the City Manager that was appointed but rather Council Member Yvonne Barney. This change was so noted. It was also noted that Mayor Young's email address was changed to .gov. A motion to ratify the appointment was made by Mayor Heidi Franco and seconded by Mayor McCormick.

**6. MAG FY 23 Audit Review**

**April Crane**, Director of Finance and Operations, MAG

We are going through a significant change in our accounting software and in our policies and practices. We have our auditor, James Gilbert of Gilbert & Stewart, to present his findings and his review.

Mr. Gilbert gave an overview of what an audit is. An audit is trying to formulate an opinion on the financial statements and to do so, we need to obtain audit evidence. This is obtained various ways. Sending out confirmations to third parties directly, looking at individual transactions, document within the organization, sending out questionnaires, tracing those

through and then getting confirmations from different government agencies and those kind of processes.

Through that process we accumulate a bunch of evidence and that is our audit opinion. He mentioned that this was a draft format that had a bit more tweaking to do. It should be finalized by middle of next week.

Our audit opinion is an Unmodified Opinion. This is the highest opinion you can receive. An unmodified opinion means you didn't change any of the wording in the standard audit. This is great. Along with that, there is a compliance audit. You are essentially doing the same thing but there are 3 reports in the back of the financial statements. Those show whether you are in compliance with government auditing standards, basically compliance laws.

A single audit opinion which is compliance with certain major programs that we select as major programs for the audit and then State compliance reports also is an issue for compliance with State regulations. MAG received the highest you can receive.

Most of you are aware of what has transpired in the last 2 years or so. In fiscal year 2023, we were using an archaic accounting system and then we switched to NetSuite and everything was difficult to reconcile the systems. There have been a lot more controls and processes and procedures put in place. There was a material weakness in your internal controls. We had to make 50 journal entries and this year we only had to enter in 18 journal entries. There was significant improvement over the year.

The other item of note is that in the past, MAG essentially generated a budget for the year and then just stuck with that budget. But this year there was a significant amount of funding that was given mid-year and was spent without adjusting the budget to show the increase in their budget. This therefore showed a \$6 million dollars over budget, even though they received \$6 million in revenue. So there is not really an issue with compliance related issues. You are not supposed to exceed your budget unless it is approved by the board and then the state. Recommend that you amend your budget for previous year and amend during the year to adjust your budget to coincide with monies received.

Some additional local consultants have been hired to train the staff on NetSuite. In addition, I am going to make myself available to work with those consultants to make sure they help with what we need for an audit.

Question: So the ship has sailed as far as amending the fiscal year 2023 budget at this point?

Answer: Yes. But definitely amend the 2024 budget.

Any other questions?

He stated that if they ever have any questions or concerns, he is always available. You can email him or call him at his office and he will go over anything you might have a question about.

## **7. Jurisdictional Cash Assessment**

Michelle Carroll, Executive Director, MAG

Please refer to the attachment. MAG includes a jurisdictional cash assessment in our budget as approved by the Executive Council. These are local dollars that we use for a variety of things. Starting on Column K, this is the general assessment. Historically, it has been .25 per capita. We can find no evidence that this has ever been increased since we started doing jurisdictional cash assessments at MAG in 1972. April Crane has looked at some CPI information and we are just trying to get to a point to do a little bit of catch up after not increasing the assessments in any prior year. The evening we did meet with the Budget and Audit Committee this evening and we told them of our recommendation to increase to .35 per capita. They suggested that we get hard numbers of what is really needed instead of just raising it to a reasonable amount with no data back up. So we are going to go back and get hard numbers and present this to you at the May meeting for your approval.

We wanted to get a general sense of this body's feelings on this assessment. A best practice around the State for other associations of governments is that they have built in approved increases every so many years and so they don't have to come to their Executive Council every year to ask for these increases. They look at things such as CPI and again, it is based on population. This year, we are aiming for a little bit of catch up and then work with this body over the next about a stepped up approach.

Question: It helped me when you told me what this was used for. Could you address that to the body?

Answer: Yes. Column J and K are General Assessments and are used for administrative services. Last year was approximately \$196,000. Those are our indirect costs like payroll, HR, the finance department. And while MAG has Federal and State contracts which allow for some administrative costs, they don't cover all of our administrative costs. Since I've been here 16 years, our administrative staff has stayed stagnant. We are up about a part-time person, while our staff has doubled and our budget has more than doubled over those years. This helps us to cover that gap in those indirect costs. These funds are flexible so they can be used as Match and can cover things that our Federal and State contracts don't cover.

Is there any general feedback about this general assessment, possibly moving from .25 to .35, maybe more I would like to open it up to the group to hear what you have to say.

Comment: Would like to see actual numbers. Seems like you are pulling numbers out of the air.

Comment: When you look at other AOG's, would you be looking to tell us the numbers beforehand so that we can plan for it?

Answer: Yes.

Column C is the population for your jurisdiction. It comes from the census. The American Community Survey does an update every year.

Comment: We recognize that we need to take a closer look at this so that you can continue to do the good work that you do. I think that MAG staff needs to be complimented. Other AOG's have had this growing and its been .25 for the 20 years I have been involved and you've been able to continue to do the work and more work on that .25

Answer: To provide a little bit more information, we have a new Director of Finance. Previously, we had some mixing of funds and covering of mistakes and so the effort going forward is being very transparent about our administrative costs.

Comment: We talked about this in Budget & Audit committee that we think it is reasonable to expect, after this amount of time, to raise the money. And a 10 cent increase is not that much, but I agree that maybe that is not the number. Maybe there is a better number that works that is more appropriate. And I do like the built in steps so that we can plan in our budgets and we know what it's going to be the next year.

Comment: Another thing we discussed in the Budget and Audit committee. The staff has increased by double and we keep approving increases based on the consumer price index over the 10 yr period, but we never increased the budget to help them cover costs. I don't know how they do it and it as been amazing, actually.

This body does not meet until May. But our Budget & Audit Committee will meet monthly and we will work closely with them to find that number and what he should be. Then we will distribute it via email so that by the time you come to the May meeting where we will ask for approval you will have had time for questions and to provide feedback. Does this sound like an acceptable plan moving forward?

There are some additional columns that I also want to address. Column D, for many years this was labeled strategic planning but we are now calling it what it is, Lobbyists. We are not asking for an increase in this. This covers about 45% of the costs.

Column E is Utah County CED Services. This was in the budget last year for \$50,000 and we are asking for an increase to \$70,000. This is because there was a required \$70,000 Global Cash match for the \$70,000 planning grant that we get from the Economic Development Administration. What we do with those funds is a variety of things, but the main purpose is we do economic development planning and assistance throughout our region. We just finished a 5 year comprehensive economic development strategy for the entire region. We also hold economic development roundtables and provide technical assistance throughout our region for economic development. There has always been a requirement for that match. It hasn't changed, however, in the past some Federal funds were being used to

match which is not allowable. Our Federal contracts would require actual cash, global dollar cash to match that grant. This is why we are asking for the \$20,000 increase. Are there any questions on the CED before I move on to the next part? (There were no questions)

The next on is Column F, Utah County NPO Match That is not changing. It is \$50,000 and we are not asking for an increase there. This only affects Utah County.

Column G is the Wasatch Back RPO or Regional Planning Organization for Summit and Wasatch. We have been short every year, so the first step we will take is to have our RPO staff go to RPO governing body before we come before the Executive Council to get approval. It is approximately about \$42,000 increase. This will cover the actual cost of the work. LaNiece added that up until this year it has been specific to Wasatch County and we've brought in Summit County so now it is a joint Wasatch and Summit County rural planning organization that develops a long range regional transportation plan for the Wasatch back. So that increase service obviously increases administrative expenses. If you want a further description of why that's been increased, you can find more information in the Staff Report and it explains how we came up with that number.

We will move to Column H; Aging Services. This is a new addition this year, totaling \$50,000 and that covers a few things. We have the RSVP program, which is senior volunteers program that MAG runs. The Federal grant requires a 30% global cash match to run that program. This has been the same situation as the Economic Development grant. But we are seeing actual local cash. We also run an Ombudsman program. This is our Ombudsman team that covers our entire region and they go into their advocates for the clientele of those care facilities. That program also runs at a shortfall. We relied heavily on the SSBG funds. Those are competitive grant funds that MAG administers. We are making a good faith effort to push those out to the community and make sure they are competitive. Because of this, we can't rely solely on covering our shortfall year after year. We are also facing a significant shortfall in our Meals On Wheels program. When we run out of funding in 2026, we will have a \$450,000 shortfall. And so we are doing a variety of things. We have an ask at the State Legislature right now for one-time funding statewide. I heard this morning we won't know until midnight on March 1st what the final numbers will be but right now it is 1.7 million dollars for one-time funding this year. MAG will get about \$300,000. We have also started a non-profit and will start fundraising hard asking for corporate sponsorships and community donations. We are doing everything we can to cover that shortfall. We are also asking our jurisdictions to contribute a little bit and this will keep that program going. Again, Meals on Wheels delivers meals to homebound seniors in our region. That \$50,000 will not cover it but it will help. Any questions about the Aging column? (There were no questions)

We will be able to review what the special assessments for your jurisdictions are in addition to a per capita increase and then the total cost and the difference between FY24 and our proposed budget for FY25. Again, we will work very closely with our Budget & Audit

Committee to refine these numbers and we will keep pushing information out via email to provide feedback. Any concerns and we can make adjustments as needed. We are hoping, again, by the time that we come together again in May to approve the FY25 budget that everyone is on the same page with the jurisdictional cash assessment.

## **8. Merit and Performance Evaluations**

Since this is the last time we meet before May, we want some feedback. We will start with the performance evaluations and then we will talk about some historical COLA and merits. Again, we talked about this in the meeting prior with our Budget & Audit committee. They have some good feedback. Where we are now is that for the first time in over 15 years, MAG has implemented performance evaluations this fall. It went pretty well. There was a little bit of heartache. It's an adjustment to have those direct conversations and assess our staff. We measured 10 competencies and they were graded 1 through 5, and then depending on what they scored is what you got as an increase, which was up to 2%. We completed 70 performance evaluations. 2 were left undone because of the vacancy in the Aging Director position right now. Overall, 86% of our staff did receive a merit increase. You can see by the breakdown the merit was between .5% to 2%. Because this was a new process, we really did a lot of gathering of information and feedback from our staff. We sent out an anonymous survey to gather feedback. We had all of the supervisors together with just me and they provided a lot of feedback about the process. One of the main things they asked for was to have some crucial Conversation Training. Some of our supervisors are not used to having those hard conversations. Then we gathered as a management team to take all that feedback and we made some adjustments going forward for this coming year. This is something that we feel strongly about and will continue doing.

This leads to the budget discussion this year for COLAs and merits. This is fluid based on some information we got from the Budget and Audit Committee, so this may change. I have a 10 year historical chart of COLAs and merits and what they have looked like. Since my time at MAG, everybody has gotten a merit increase, along with a COLA. This may change, but our proposal this year is because we did a market wage survey, and we had a firm come in and assess every position at MAG so that our staff are within the market wage range. We were able to bump up a few people to make sure they were within range and we have some staff who are above the market wage range. Therefore, we are proposing not doing a COLA this year because we have the data that we are paying market wages at MAG and we also have a very competitive benefits package with health insurance and we are on the State retirement system. We propose to increase the merit to 4% without a COLA. Last year, you approved a 7% increase between the 5% COLA and 2% merit increase. This year we are proposing an up to 4% increase based on merit. Not everyone will get the 4%. We would love to hear your feedback because we will take all that into consideration and then we will reconvene with our Budget and Audit committee in the coming months to refine this proposal.

Question: How did you guys come up with 4%? Did you use the CPI?

Answer: We didn't use the CPI because we are not proposing COLAs this year.

Question: So how did you come up with the 4%?

Answer: As we looked over the years, the last 3 years, we were facing 7% increases between COLAs and merits and that is just not sustainable. Our contracts don't increase that much every year. Therefore, we are looking to cut back on that but we also really want to be able to reward our high performers at MAG through performance-based merits. It just made more sense to us to not have a COLA and to always do a merit instead. And then every few years do that market wage survey and the firm that did our most recent wage survey recommended that the wage range move up 3% so the bottom number would move up 33% and the top number would move up 3%. They said that was the industry best practice.

Question: So do you anticipate the same percentage of high achievers? What I am saying is I'm looking at 86% received merits so that would be 4%. Do you have a limited budget there that you are dividing amongst the staff?

Answer: Great question. This will all be based on our budget which we start meeting about the budget next week. We want to budget to be able to afford everyone getting a 4% raise, even though that won't be the reality. We would ask for approval only for what we could afford. Looking at historical data, there has been a 7% increase for the past 7 years. At this point, we feel comfortable with the number 4%.

Question: So you anticipate everyone being a high performer and getting the 4% merit for budget purposes?

Answer: Yes. We will budget for everyone to receive the 4%, but the reality is not everyone will get that 4%. I will say that those that didn't get the full 2% have goals set to reach the max for this coming year. We are letting them know in advance what to do in order to receive the full merit increase.

Question: If you think the inflation is about 3 to 3.5%, and you increase it from 0 to 4%, do you feel that without the COLA the staff will still land somewhere between 3 and 3.5% so that they stay up with inflation? On average?

I would say that the average would probably be between 2 and 3% based on what we saw last year. Does that answer your question?

Yes, however, I feel you are being very conservative.

Question: I remember these market comparability studies were compared against the private sector and there is an acceptable amount below the private sector that is standard. Is this study based on that format? And how did that result come out?

Answer: Our HR manager is not here so I am going to have to come back to that. That is a homework item for me. I do know that it was along the Wasatch Front and I do know that they did look at the private sector, but they also had a comparison of the government sector and other AOG's. So along with the Jurisdictional Cash Assessment and working closely with the Budget & Audit committee and then pushing that information out to you before the May budget approval. Are there any last things that you all believe that we should be considering, as we look at possibly not doing COLAs and increasing our merit instead? If you think of something later, you all know how to find me.

## **9. May Executive Council Meeting/ULCT/UAC Regional Event**

Utah Cities and Towns reached out and in conjunction with Utah Association of Counties, they are going around the state and are working with the AOG's to have meetings. They will be working with the League and UAC to talk about all things city and county related and to have access to their full team. We haven't seen an agenda yet, but it promises to be very informative. In speaking with them, we did not want to add another meeting to your very busy schedules. I suggested that because the May meeting is already on the calendars, that we do this meeting at the May Executive Council meeting. We would start with the budget and the goal would be that you would have all the information long before the May meeting so that you could quickly approve the budget and then we would turn the remainder of the meeting over to ULCT to provide training access to their staff, updates on all things cities and counties. Do you think that would be a good use of the main meeting? Typically we spend an hour and a half going through our budget in more of a narrative and providing some updates. We think this might be a better use of everyone's time if we push out all that budget information well in advance to field questions and get to a solid place and then have some training and interaction with the ULCT team. We are due to meet in Kamas and Mayor McCormick is looking into a space up there that will be big enough. We are also trying to find out if the City Councils will be invited, but it promises to be a really informative evening. It is held on the fourth Thursday of May. It's the Thursday before Memorial Day

## **10. Legislative Update**

**LaNiece Davenport**, MPO Director, MAG

see slides.

We are close to the end of session. Next week is the end of session, which is very relieving for many of us. MAG staff has been really busy at our State and on the hill at the State level and also on the hill in Washington D.C., as well. We thought we would share some of the fun things that we've been up to over the last couple of weeks.

We have 5 key bills that we wanted to talk through tonight. They are the ones that are up here. There's a few transportation bills, there's one housing bill and then one other. We also wanted to make sure that there is time as a group to talk about any bills that you have been watching that are important to you. We realize that you are also tracking and participating in legislative efforts.

These are just some of the ones we have been tracking. Starting with the Transportation bills, this one is the House Bill 367 sub 3. This is a TUF bill. Representative Peterson and Senator Harper's Transportation utility fee bill. TUF is the aka name of this one. We talked a little bit about this one last time. Essentially, we all know that the US Supreme Court allows local governments and municipalities to impose a transportation utility fee. What this bill does is it sets parameters or arms on what that TUF can look like for municipalities. So what are the parameters? One is it requires a city to complete a study and that study needs to show that essentially there's a need for this fee. You also need to show that there is levels of service in that transportation utility fee area. And then this arsenal area, transportation utility fee and then specificity of the fee. It also requires certain public notifications and load requirements. It also requires an annual review process and you have to ensure the validity of the fee. It does prohibit imposing a broadband or public safety fee. I thought it would be helpful to show where our partner organizations are on these bills. ULCT does support this one after lots and lots of conversations with the sponsor. Utah Association of Counties is monitoring this one. Are there any concerns or questions that anybody has on this bill?

There was something where they asked it to be submitted by the State Auditor. Did that get taken out? All your studies had to be submitted to the State Auditor. That was like a day or two ago.

Answer: Let me check into that and let me actually follow up in an email to this group with an answer to that question. Any other questions before we move on to the next bill? Alright. The next one is House Bill 449 sub 2 Pedestrian Safety and facilities Act Modifications. This is sponsored by Representative Abbott and Senator Rigby. So this one is pretty simple, but essentially what it does is codifies the importance of bicycling of active transportation as a key element in the work that we do. So it adds bicycle lanes pass as a eligible use for municipalities or county rec plans, It also requires that UDOT considers bicycle safety in addition to pedestrian safety when they conduct and do their highway planning. Does anybody have any thoughts or questions about this one?

Let's talk ROC for now, Road Usage Charge program amendments. Senate Bill 155 sub1. This is sponsored by Senator Harper and Representative Christofferson. I'm actually going to read these updates. What it does is it increases the registration fees. Essentially, what the ROC is if you drive an electric vehicle, a hybrid electric vehicle or any kind of alternative vehicle that doesn't rely on gasoline the road usage charge program is like a user fee to help bring in additional funding for transportation investment. We all know that the gas tax does not fund all of the infrastructure needs that we have when it comes to transportation. So our state has been has been very, very proactive about how can they bring in additional revenues. The rent program is one of these. For those people that are part of the ROC program, it actually increases the registration fees for all alternative fuel vehicles, beginning January 2024 it increases from 1 to 1.06 per mile and then it increases the registration cap and then in 2032, it removes that registration cap entirely. The reason why it had a

registration cap for these alternative vehicles was to incentivize people to try to purchase and invest in these vehicles because you would be paying less when it came to your annual or even your 6 month registration. So now they are removing that cap so the registration will increase above what you would pay if you didn't have alternative vehicles,

Was this a voluntary program?

Yes, it was voluntary. Beginning in May, however, you are a member of this program unless you opt out. Then it won't be voluntary.

How do they track your miles?

They give you a little do hickey that tracks all your miles and your speed and all the things.

Let's move on to the first and only Housing bill that we will talk about tonight. This is Senate Bill 268: First Home Investment Zone Act (the FHIZ bill), also known as the FIZZ bill. This is one that I am going to read really closely. We just talked about this one. Essentially, the objective of this one is to allow the use of tax increment financing for development of medium density city or town centers and owner-occupied homes. So the idea is that we want more owner-occupied housing in our city and town centers. So how do we do this? What are the guardrails on that? It allows a city to propose a FHIZ when a housing and transit reinvestment zone (HTRZ) is not eligible. Most of us in this room probably don't have an eligible HTRZ, a FIZZ is eligible. It follows the process similar to an HTRZ. So you have to follow similar processes and objectives and approval of the HTRZ committee. It requires a FIZZ proposal to include 30 units per acre in terms of density across the FHIZ, but does allow a density reduction up to 50% (15 units/acre) in the primary FHIZ if certain units outside the primary FHIZ are owner occupied (00% of units) affordable (20% at 120% AMI) and deed restricted. Also, up to 60% of tax increment from all taxing entities in the area for project and system infrastructure costs.

What is the benefit of a city doing this?

It really helps with the upfront costs; with all those infrastructure costs. It creates that funding mechanism you are using that you would normally be getting from the platform. If you didn't put this development in, you wouldn't have an increase in those capital. It helps you get projects built faster. Any other questions on this one?

So the only other one we are going to talk about that is House Bill 335 sub2 State Grant Process amendments. This is sponsored by Rep Peterson and Senator Stephenson. This originally in this original form, where prohibited political subdivisions and non profit entities from receiving state grants. This included entities like MAG. We've been able to work with the bill sponsors to remove that language that prohibits entities like ourselves from receiving State grants. But it does put a lot of strings on what we do as a grantee in order to receive a state grant and it also has a lot of strings to grant for the State when granting grants

I want to leave enough time as much as we can so we can talk about other bills that you are interested in. I know Council Member Crittendon brought up Senate Bill 258: Municipal Incorporation amendments sponsored by Senator Bramble. Council Member, do you want to talk about that one a little bit?

It allows a developer to incorporate a preliminary municipality for the purpose of developing land for eventual incorporation into a town and it describes the requirements. But the bad part is, if they do their preliminary municipality and do all their stuff, and it doesn't work out, all the stuff that they didn't put in all of this stuff falls back to the county to take care of. I don't know how much it affects the cities, but the counties it could be quite severe. In my opinion we ought to be adamantly opposed to it.

Are there any others that we should know about? (There was nothing)

Briefly, I want to mention that our long time Executive Assistant, Melanie Haws, who has been helping us for many years is getting married and moving to St George, and so she will no longer be with MAG. I wanted to make sure that everyone knew. She didn't want any kind of party or recognition. She wanted to quietly sneak out the door, which she did! We've been really fortunate to have Shelly come on and she will be helping out until we get a replacement.

### **Other Business**

The next Executive Council meeting will be held May 23, 2024, at Kamas City Building, 170 N Main St, Kamas, UT

**Mayor McCormick moved to adjourn the meeting at 7:45 p.m. Mayor Olsen seconded the motion. The motion passed unanimously.**

\*Meeting minutes are recorded. A summary and all motions made during the meeting will be approved at the next meeting and can be found at <https://mountainland.org/executive-council>