

# Minutes of the Finance, Administration & RDA Budget Committee Meeting

Bountiful City Hall Planning Conference Room  
April 30, 2015 (4:00 p.m.)

Present:

Committee Members: Randy C. Lewis, Kendalyn Harris (excused at 5:25 p.m.), and  
Beth Holbrook  
City Manager: Gary Hill  
Assistant City Manager: Galen Rasmussen  
Department Personnel: Russell Mahan, Shannon Cottam, Tyson Beck, Alan West,  
Ted Elder, Chad Wilkinson, Paul Rowland, Rex Pickett

Official Notice of this meeting had been given by posting a written notice of same and an agenda at the City Hall and providing copies to the following newspapers of general circulation: Davis County Clipper, Standard Examiner, and on the Utah Public Notice Website.

Committee Chair Randy Lewis called the meeting to order at 4:04 p.m., and welcomed those in attendance. Committee Chair Lewis asked Galen Rasmussen to introduce the order in which budgets would be presented for review.

## **PRESENTATION OF BUDGETS**

Gary Hill reviewed the Legislative Department budget including financial results in the current budget year thus far and recommendations for fiscal year 2015-2016. Changes in the personnel services area between the current budget and proposed budget are due to a 2% Cost of Living Adjustment (COLA) and expected increases in health insurance premiums. In the operations and maintenance area the changes between years are due to anticipated costs of holding both a primary and general municipal election in calendar year 2015 with \$25,000 to \$30,000 budgeted for each election phase. Committee members asked about County plans to enact State transportation funding that were authorized in the recently completed legislative session. Gary Hill mentioned that timing for enactment of the funding is unknown at this point but newly authorized sales tax amounts for transportation will take effect at the start of calendar year 2016. The review of the Legislative budget concluded with discussion regarding long-term capital plans.

Gary Hill reviewed the budget submission for the Executive Department of the City including financial results in the current budget year thus far and recommendations for fiscal year 2015-2016. As noted in the Legislative budget review, changes in the personnel services area between the current budget and proposed budget are due to a 2% COLA and expected increases in health insurance premiums.

The Executive Department staff consists of the City Manager and the City Recorder/Administrative Assistant.

Russell Mahan presented the budget request for the Legal Department by referencing the effects of the COLA and health insurance premium increases. There was also a reference to the relatively small size of this budget and small staff size.

Russell Mahan then presented the budget request for the Liability Insurance Fund, including a brief review of the insurance carriers used and various practices used to manage the insurance programs of the City. Committee discussion focused on the historical practice of relying on interest income and transfers from City departments to fund operations. However, the interest rate environment over the last few years has not allowed this funding practice to keep pace with rising costs. Thus, the current cash balance of the fund has been declining. Gary Hill mentioned that a study would be performed during the upcoming budget year to identify ways to increase the cash balance of the Liability Insurance Fund. Recommendations will likely include, among other measures, departmental transfers to bolster the Liability Insurance Fund.

Following review and questions regarding the Liability Fund, Russell Mahan presented the detailed budget request for the Workers Compensation Fund, which included a review of the financial status of the Fund for the current fiscal year and fiscal year 2015-2016. This Fund will also be studied in Fiscal Year 2015-2016 for financial viability and future funding needs along with the Liability Insurance Fund.

Shannon Cottam presented the budget request for the Human Resources Department which was created in the current fiscal year from a full-time position and a part-time position formerly in the Finance Department and a part-time equivalent position formerly in the Treasury Department. The Human Resources Department supports City and South Davis Recreation District departments to provide consistency in managing employment policies and practices. While staff size of the department is small, both employees are among the busiest staff members in the City since all employees will interact with the department at some point during any given year.

Alan West presented the budget request for the Information Systems Department and Computer Maintenance Fund, including a brief review of the projects planned for the department and a financial status for the current fiscal year and fiscal year 2015-2016. Committee members and management spoke briefly about department staffing and the talented individuals that support the City. Particular reference was made to the recent death of Roger Linnell who served the department well for many years as an Information Systems Analyst. Roger was a friend to all and will be greatly missed. Projects for the current fiscal year included web site development and branding; completion of the Tyler Technologies software implementation, with emphasis on the purchase order and inventory modules. In Fiscal Year 2015-2016 the staff will acquire and install updated network equipment.

The Computer Maintenance Fund operation was reviewed by Alan West including the typical replacement cycle of six years for equipment. Equipment life is being extended now through a program of replacing standard hard drives with solid state drives and additional memory. The City has approximately 250 computers under the maintenance program currently.

Tyson Beck presented the budget request for the Finance Department, including a brief review of the financial status for the current fiscal year and fiscal year 2015-2016. Recent staffing changes were mentioned since the department has had three long-time staff members either retire or leave for other jobs within the City, or with other governmental employers, during the last twelve months. The Finance Department, like the Treasury, Human Resources and Information Systems Departments all serve the administrative needs of the City as well as the South Davis Recreation District under an inter-local agreement between the City and the District.

Ted Elder presented the budget request for the Treasury Department, with reference to the same cost drivers mentioned in budgets outlined previously. The Treasury Department has been very involved over the last year with the Information Systems Department and outside vendors to transition from the formerly used software and systems to the new Tyler Technologies MUNIS platform. While there are still lingering implementation issues, these issues are being effectively addressed and the project is moving forward in a positive way.

During the review of Treasury, a question was asked about the City's credit card merchant fee agreements in place. Galen Rasmussen mentioned that the City was previously with WorldPay as a vendor for merchant services and a study was performed a little more than a year ago to identify savings available and potential vendors. The Council was presented with a recommendation early in calendar year 2014 to change merchant services to Chase Paymentech under State of Utah contract. This vendor had the lowest merchant fees available and is performing well now with the City's systems. To better serve the needs of the Golf Course, their merchant services are provided by Mercury Payment Systems (a Utah firm). Ted Elder and Galen Rasmussen will be preparing Requests for Proposals (RFPs) for City banking and investment services in the next few months to reevaluate services now under contract. Currently, the City is under contract with JP Morgan Chase Bank for its operating accounts, Zions Bank for about \$35 million of the City's investment portfolio and U S Bank for the majority of escrow account business. The remaining balance of funds are in the State Public Treasurer's Investment Fund and other individual investments brokered through other institutions.

Paul Rowland reviewed the budget proposal for the Engineering Department outlining similar changes due to a 2% COLA and health insurance increases. Personnel services are also impacted by a change in the upcoming fiscal year with the number of interns employed. Currently, there are two interns but in the upcoming budget year there will only be one intern employed. A question was asked regarding vehicle allowances in the department. Mr. Rowland responded that most employees are provided a

car allowance for business use of their personal vehicles. The department has two older vehicles that are still used by interns during the summer season and occasionally for other department purposes.

Chad Wilkinson outlined the budget for the Planning Department in the current year and for Fiscal Year 2015-2016. Changes in the personnel services category are due to changes in staff with a new Assistant Planner which was hired part-time instead of being an unpaid intern. In the current budget year, a replacement copier will be purchased for joint use of the Planning and Engineering Departments since the current copier is older and had a number of repairs. Changes in fees for the new budget year were also outlined. The changes include an embedded charge for mailing label software. Currently, those requesting zone changes and various other planning services must pay for mailing lists and printing through Davis County. The acquisition of mailing label software in-house will eliminate the need for City patrons to travel to Davis County for this service.

The committee members convened as the Board of the Bountiful City Redevelopment Agency (RDA) to hear the RDA budget presentation from Chad Wilkinson. Chad presented the proposed budgets for the RDA Revolving Loan Fund (Fund 72) and the Regular RDA Operating Fund (Fund 73). It was noted that the Revolving Loan Fund has several loans outstanding with a loan to Skills Fitness that was originally programmed to be paid off by May 2015. Skills Fitness has made application to extend their loan which has been approved administratively so the budget will need to be amended for Fiscal Year 2014-2015 and 2015-2016 to reflect this change. Loans in the program can typically be called after 60 days of notice is provided. A question was raised as to progress of meetings being held by the City Manager and RDA Director with other taxing districts to extend the RDA. Meetings have been held thus far with the School District and the County but the progress has been slow.

Chad Wilkinson continued by reviewing the proposed budget of the RDA Operating Fund which included identification of major projects accomplished in the current budget year such as acquisition of the building now housing the Bountiful Davis Arts Center (BDAC) and the former Smedley Manor which will be home for the Bountiful Historic Preservation Foundation. At the conclusion of the RDA budget discussions the committee members dismissed themselves as the RDA Board and reconvened as the City budget committee.

Galen Rasmussen reviewed the budget submissions for the Debt Service and Municipal Building Authority Funds of the City. The remaining debt issues in each fund are, or will, be paid off within the next few months leaving the City virtually debt free (with the exception of the revenue bonds issued in 2010 for the Light & Power natural gas turbine project). The City carries no General Obligation debt. References were made to the predominant theme nationwide of encouraging governmental entities to take on additional debt for projects given the favorable interest rate environment. However, Bountiful has for years continued to maintain a conservative financial philosophy of pay-as-you-go and taking on debt cautiously and sparingly for major projects of significance.

Gary Hill presented a slide presentation to review the RAP Tax Fund of the City and plans for the newly reauthorized RAP Tax which begins in April 2016. Currently, the City receives approximately \$400,000 annually in RAP Tax funds of which 90% is passed along to the Centerville RDA for funding of the Centerpoint Legacy Theater operations until March 2016 through inter-local agreement. Gary Hill mentioned that newly reauthorized funding is projected to amount to \$4.5 million over a ten year period. This total \$4.5 million in RAP Tax funds are proposed by staff to be allocated 75% to fund design and development of the park property on Mill Street, 14% to fund various park improvements and amenities, and 11% to fund Arts and Culture. The City's Capital Projects Fund would loan funds in advance to develop the Mill Street property. The Capital Projects Fund would be reimbursed over a ten year period through annual transfers of \$337,500. This amounts to \$3,375,000 over a ten year period and equates to the recommended 75% allocation of RAP Tax funds to Mill Street property development. The transfer from the RAP Tax Fund to the Capital Projects Fund would begin in the Fiscal Year 2016-2017 budget.

Committee Member Beth Holbrook made a motion to accept the tentative budgets outlined in the meeting, as presented, and Committee Member Kendalyn Harris seconded the motion. Voting was unanimous with Committee members Randy Lewis, Beth Holbrook and Kendalyn Harris voting "aye".

The meeting adjourned at 5:37 p.m.