

**MINUTES**  
**Highland City Council Work Session**  
April 14, 2015  
Highland City Multi-Purpose Room,  
5400 West Civic Center Drive, Highland, Utah 84003

**Present:** Mayor Mark S. Thompson  
Councilmember Brian Braithwaite  
Councilmember Dennis LeBaron  
Councilmember Tim Irwin  
Councilmember Jessie Schoenfeld  
Councilmember Rod Mann

**STAFF PRESENT:** Aaron Palmer, City Administrator  
Nathan Crane, Community Development Director  
Gary LeCheminant, Finance Director  
JoD'Ann Bates, City Recorder  
Justin Parduhn, O&M Director  
Brad Freeman, Fire Chief  
Brian Gwilliam, Chief of Police  
Kent Slade, Library Director

**Others:** Tim Heyrend.

The meeting was called to order by Mayor Mark Thompson as a work session at 6:04 pm. The meeting agenda was posted on the *Utah State Public Meeting Website* at least 24 hours prior to the meeting.

**Fiscal; Year 2015-2016 Budget Work Session**

Gary LeCheminant City Finance Director, introduced the budget information with a power point presentation (attached)

- Revenue Sources vs. Forecast:

Tim Irwin inquired where sales tax comes from.

Gary LeCheminant indicated it comes from sales tax of local business and the state. He stated it is projected that next year it should be up by about 5%.

- Comparison from fiscal year 2014-2015
- 2014-2015 Revenue over Expenditures

Discussion between the council continued regarding costs from each of the utility funds possibly contributing to the road fund in order to help with the work being done due to those utilities and options on the amounts that can be applied each year based on the costs.

Rod Mann asked if the work that is being done is recorded in order to be able to come up with those numbers for each fund.

Justin Parduhn O & M Director, indicated the Public Works staff does keep track of the work done and would be able to provide that information.

Tim Irwin stated that due to this being a work session they can't make a decision at this point and should leave it up to staff to work through those numbers and come up with a way to track and justify funds coming out of enterprise funds into the road funds.

Brian Braithwaite indicated the pressurized irrigation fee is not covering the costs and they need to look at increasing the fee.

Nathan Crane commented they have placed funds in the budget to allow them to do a rate study in relations to all funds and would like to get it started at the beginning of the next fiscal year.

Discussion continued regarding rate studies and rate changes; when those could take place and the possibility of some rates going down to help offset the cost increase of the pressurized irrigation.

- 2015-2016 Budget Assumptions

Gary LeCheminant indicated that the current year had \$500,000 in the road fund and so far he had only placed \$200,000. If the Council wants to put \$500,000. In the road fund in the upcoming budget he will need to take that additional \$300,000 out of General Fund Reserves in order to keep the budget balanced.

Discussion continued regarding B&C road funds and what qualifies to be used with those funds and how that is tracked and reported.

- Department Expenses for 2016
- General Fund Expenses for 2016
- General Fund 5 year comparison

Rod Mann inquired why the fire expenses are less than police expenses.

Aaron Palmer indicated that the fire service is split between three cities where police service is only split between two.

Gary LeCheminant indicated that was the end of the presentation and was open to questions.

Rod Mann inquired about the building fees and if that revenue is projected in the budget.

Nathan Crane stated they need to take a second look at that and do some detailed estimates.

Tim Irwin inquired about the 3% merit increase and asked how that works.

Aaron Palmer stated it was based on performance, everyone was evaluated and is documented based on their performance. At the end of the evaluation there is an overall rating and a section to indicate future goals. The amount received per employee is based on their overall rating. An individual can receive anywhere from 0% to a maximum of 3%.

Tim Irwin inquired if all the 3% had not been used, they may consider bonuses for those that have an outstanding performance.

Brian Braithwaite inquired about the amount showing for sales tax and how close we are to reaching that number.

Gary LeCheminant stated every month has been an increase but they come in two months behind. He feels comfortable that they will receive the amount listed in the budget.

Brian Braithwaite feels staff has been too conservative on the Class C road allotment, and feels they should not be dropping it, it should be safe to increase it based on recent legislation. With the change in tax they should at a minimum keep it the same. He feels comfortable increasing that to \$560,000.

Tim Irwin asked if there were any issues they should be looking at long term regarding the increase of the police and fire budgets. If they continue to rise he doesn't see how it can be sustainable. He is not looking at the overall increase in percentage it is the over percentage of the Highland budget. He feels it also comes down to the level of service they want. He feels it is important to understand where it is going and what level of service is being provided.

Discussion between council and staff regarding funding for Fire and Police versus roads.

Brian Braithwaite indicated everyone has a different feel as to what is important and what isn't. They have a huge spectrum of residents and it's up to the council to decide where they believe they are and where they want to be, and which is in the best interest of the city as a whole and that's the hardest part.

Brad Freeman Fire Chief, indicated the way they assess the cities now is different than in previous years. Several years ago the delegates on the Public Safety Board from Highland changed the way they assess the cities and wanted to do it completely on population and households. Highland households went up a lot higher in the last number of years than the other two cities. Previously it was based on property values for Fire and population for EMS. He feels Fire and

EMS are at the top and shouldn't see any big increases from here on out. He feels an increase of 1 ½ - 2% in the future would be the most.

Discussion continued regarding previous and future expenses and revenues with the Fire, EMS Departments and the level of service expected.

Brian Gwilliam Chief of Police, stated their budget is based on population and follow similar lines as the fire department in that the increase is due to the increase in population. Highland is a larger portion of the pie, the percentage is larger for Highland than it is for Alpine. Their total budget increase is 3.4% and Highlands's portion of that is an increase of 4.6% due to the population increase. There is an additional 600 plus residents in the last year in Highland, when Alpine only had an increase of about 50 additional residents. As times goes on he feels those lines are going to diverge further and further as Highland continues to grow quicker than Alpine. He feels the total increase is fairly minimal and a good portion of that is salary and wages with them doing similar to what was discussed previously with merit increases.

Council discussed the 5 year comparison chart regarding transfers and public perception as to funds being transferred and what they are used for versus what they were supposed to be used for. Funds for roads, where to get those funds and a way to guarantee the road funds are used for roads.

Tim Irwin indicated that one of the issues that he brings up every year is the benefit percentages going up again. This year they are getting close to 50% and feels that is not sustainable and feels it needs to be looked at again. People in the private sector have seen their benefits reduced and they need to be sensitive to them and that issue.

Dennis LeBaron feels Public Safety is first priority, but roads carry a higher priority over other funds they are looking at with the budget. He feels they made a great step placing \$500,000 in the budget last year and he hates to see it go down to \$200,000 in this budget. He feels they need to come up with a way to get it back up to \$500,000. just to maintain the roads. He has looked at the items he discussed last year which are the parks, pruning and fertilizer. He would like to inquire about the park improvements that are being proposed and discuss if they are necessary or not.

Justin Parduhn stated one is the Wimbledon playground that is not meeting the current federal standards and needs to be replaced or they do have the option to remove it. Josh Castleberry Park Superintendent had stated to him that they are regulated by Federal Regulations and some of the equipment is to the point that they cannot get parts for replacement and it can be dangerous. The other project is the Heritage Park pavilion and restrooms that needs repair. Justin feels it may be able to be put off for a year or so.

Brian Braithwaite stated this is where they run into issues the Mayor had indicated regarding taking money from one fund and putting it elsewhere, it is not as black and white as it sounds. You can only spread it out for so long before everything begins to fall apart.

Tim Irwin stated he would like to see the cemetery fund become an enterprise fund. He feels that plots sales should go toward a fund that would fund the maintenance of the cemetery. Once all those plots are sold there needs to be some type of income to help with the maintenance. He requested the possibility to have staff look at that issue. He indicated that the allocation that goes from the general fund to open space parks needs discussion. Some of the parks should be considered city parks and not open space.

Discussion continued regarding categorizing the open space parks versus the city parks including looking at staff time and salary allocations based on those parks, fees paid and if the fee would then be enough to cover those left as open space parks.

Tim Irwin inquired regarding a replacement for an engineer and feels they need to talk about the structure of the departments.

Jessie Schoenfeld indicated she agrees with the discussion regarding an engineer and commented on the increased amount in the budget going towards engineering. She wondered what had been paid for an outside engineer and if it exceeded what the city was paying for an in house engineer.

Gary LeCheminant stated that salary and benefits for an in house engineer were approximately \$150,000. They are looking at paying up to \$180,000. this year for a contracted engineer, which is an increase of 20%.

Rod Mann stated they went through an allocation of time spent on engineering and it changed the mix. He feels this is not able to be compared apples to apples.

Discussion continued regarding the consulting services being used for engineering and some possible options to decrease those costs. The services currently being received versus what we received previously with an in house engineer and the funds that are being paid out for those services. The quality of work and how it is affecting current staff and their other duties.

Dennis LeBaron inquired about information on the two new trucks that are being requested.

Justin Parduhn indicated that during the summer with the part time employees they are utilizing every truck they have. Currently they have three trucks that will not be able to be used without repairs being done and the cost of some of those repairs are more than the truck is worth. Justin indicated he met with Dave Bunker of Cedar Hills and discussed the replacement program that Cedar Hills implements and have been using for over 7 years. Their program and has been working great. He explained that because of the deal they get from the State bid process, they can buy a truck with such a good price, they can then drive them for 3 years, sale them at the three year point and come out between making money and only losing a couple thousand

depending on the make and model of the truck. Cedar Hills has indicated their maintenance has essentially gone away due to them being under warranty with the exception of the basic oil change and one set of tires.

Discussion continued regarding the possibility of a fleet replacement plan and the possibilities of getting that plan started. Discussion included budget amounts for maintenance and the possibility of that being reduced due to newer vehicles.

Brian Braithwaite inquired about the increase of 50% in the building maintenance account.

Gary LeCheminant indicated that last year there was an air conditioner and a boiler that had to be replaced costing approximately \$36,000. This next year's budget in that account will be able to be reduced due to them not seeing any large items needed at this time. He will look at that in more detail and get that corrected bringing it down closer to the \$35,000.

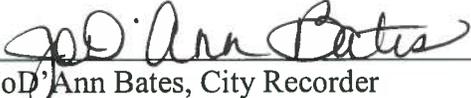
Brian Braithwaite commented about the budget for the revenue for fees and services for zoning.

Nathan Crane responded he needs to look at the preliminary review and public works inspection fees and make sure they get the right figures for those accounts.

Tim Irwin commented that the budget material they are going over today is better than he has ever seen and thanked staff for their work in making it easier to understand.

Hearing no further budget questions the Mayor called to adjourn the work session.

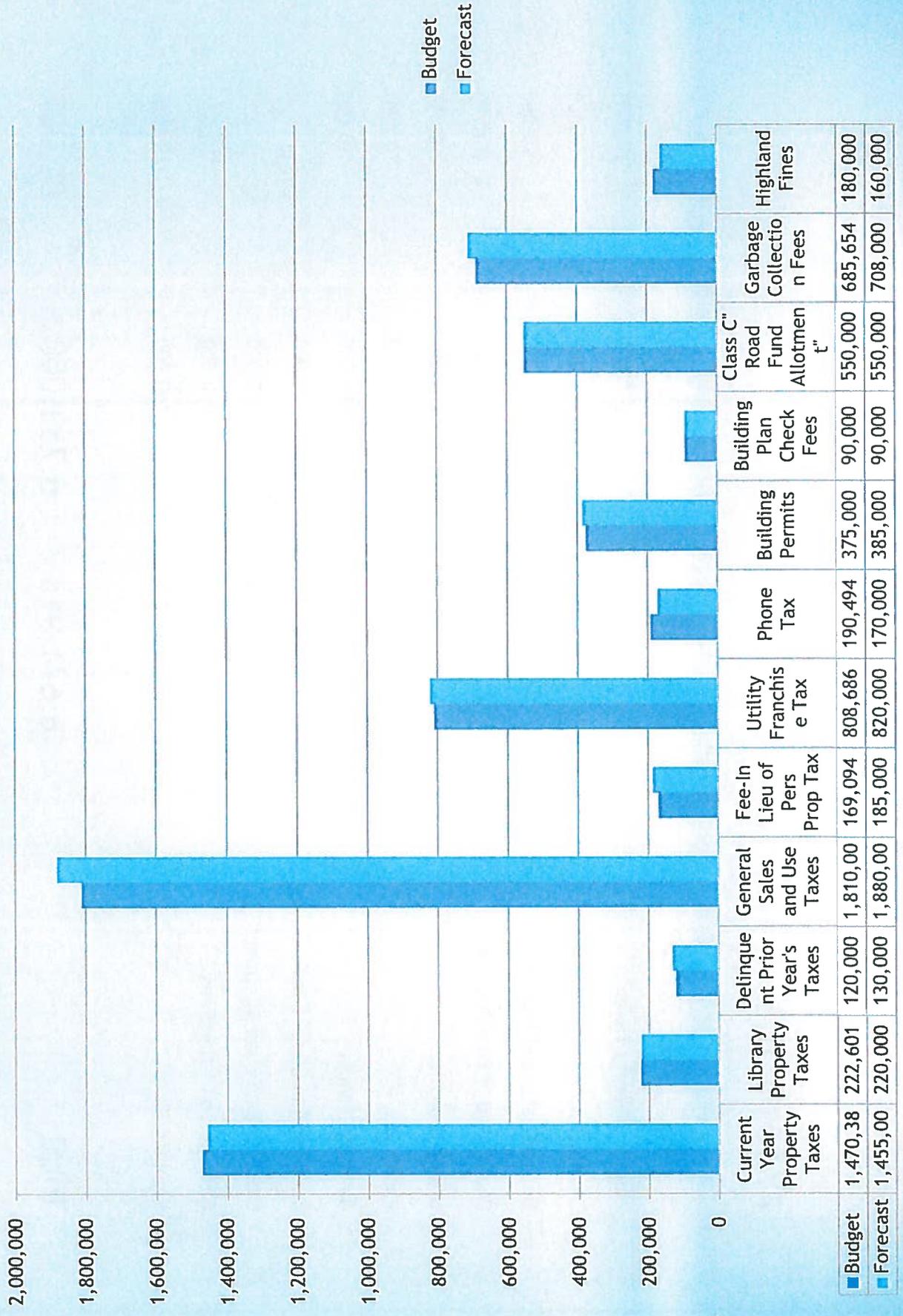
Meeting adjourned at 8:44 pm

  
JoD'Ann Bates, City Recorder

Date Approved: May 19, 2015



# FY 2015 Major Revenue Sources--Budget vs. Forecast



## FY 2014-2015

	Budget	Forecast	Difference
Current Year Property Taxes	1,470,384	1,455,000	(15,384)
Library Property Taxes	222,601	220,000	(2,601)
Delinquent Prior Year's Taxes	120,000	130,000	10,000
General Sales and Use Taxes	1,810,000	1,880,000	70,000
Fee-In Lieu of Pers Prop Tax	169,094	185,000	15,906
Utility Franchise Tax	808,686	820,000	11,314
Phone Tax	190,494	170,000	(20,494)
Building Permits	375,000	385,000	10,000
Building Plan Check Fees	90,000	90,000	0
Class C" Road Fund Allotment"	550,000	550,000	0
Garbage Collection Fees	685,654	708,000	22,346
Highland Fines	180,000	160,000	(20,000)
<b>Total</b>	<b>6,671,913</b>	<b>6,753,000</b>	<b>81,087</b>

# \* FY 2014-2015

YTD Revenue over Expenditures, Gen. Fund

• \$515,000

- Does NOT Include
  - \$500,000 transfer to Cap. Road Fund
  - \$138,000 transfer to Open Space
- Does Include
  - \$20,000 Cemetery Lot Sales
  - \$49,000 Lehi City water purchases
  - \$19,500 Questar Temp. Const. Easement
  - Streets & Roads at 54.7% of budget
  - Park Bond paid entirely with Park Impact Fees

# \* FY 2014-2015

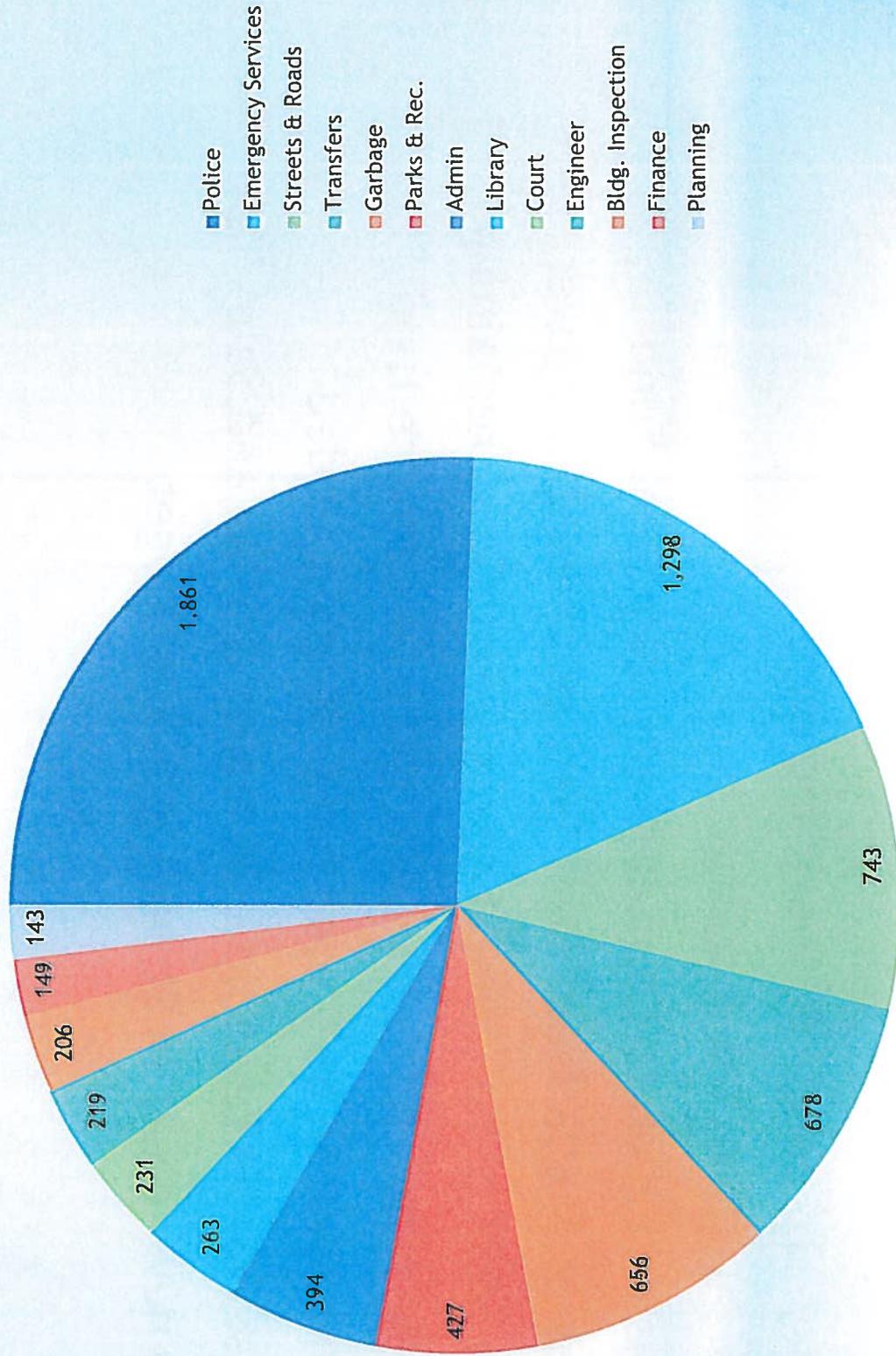
## Other Funds

- Cap. Roads--Negative Bal. FY 2013 & 2014--(67K)
- Cap. Bldgs.--Negative Bal. FY 2013 & 2014--(59K)
- Net Revenue over Expenses
- Sewer Fund \$244K
- Less Impact Fees \$224K
- PI Fund (\$118K)
- Less Impact Fees and Bond Payment (\$513)
- Storm Sewer Fund \$91K
- Less Permit Fee New Construction \$21K
- Culinary Fund \$95K
- Less Connection Fees (\$33)

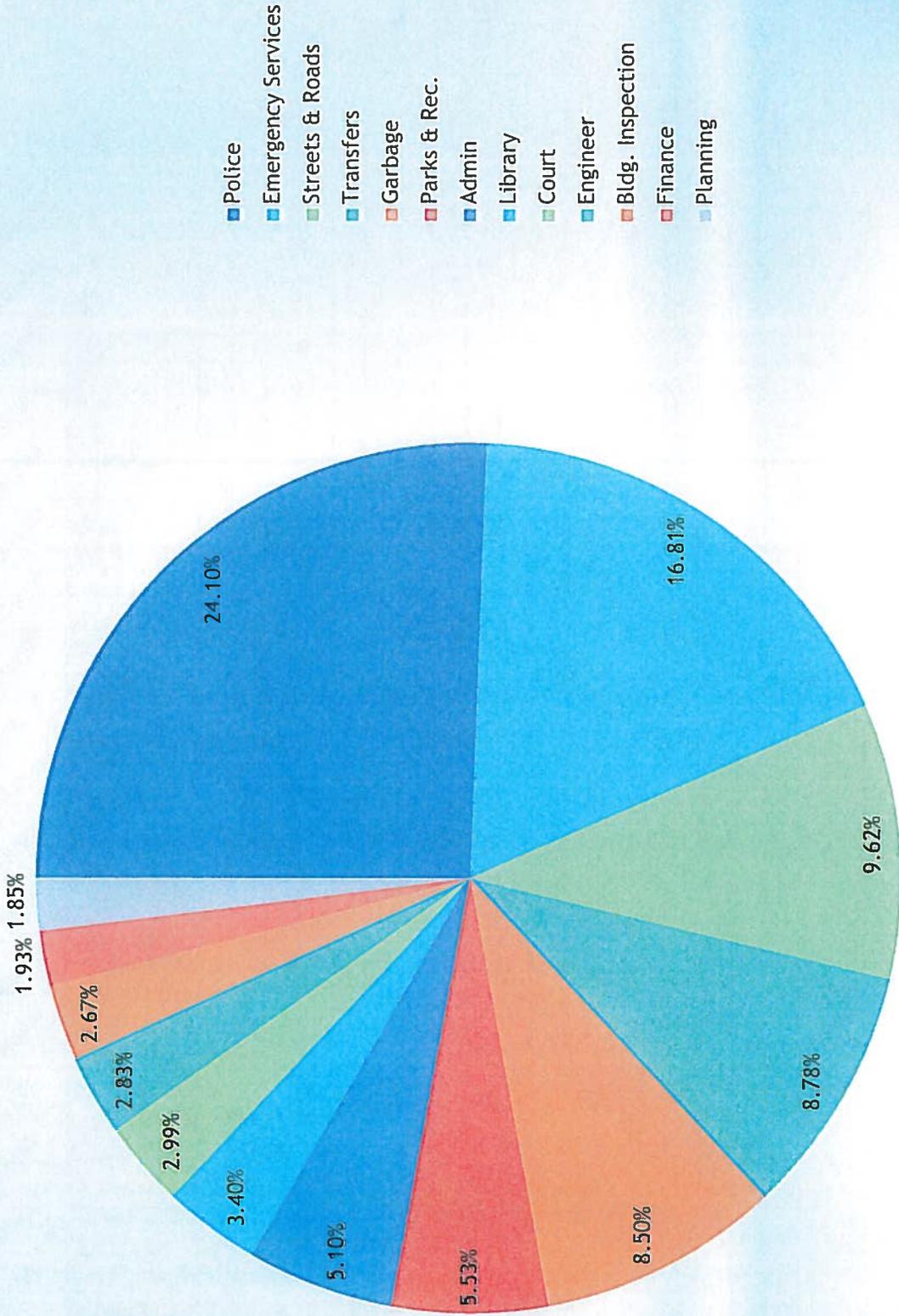
## \* FY 2015-2016 Budget Assumptions

- Salary--3% potential merit increase
- Medical—12% cost increase
- Transfer \$200K to Capital Roads from Gen. Fund
- Transfer \$160K from Gen. Fund prior year carryover
- Only \$58K of delinquent taxes uncollected remaining
- Public Works software \$60K (all in enterprise funds)
- No increase in B&C road fund money included
- Conservative revenue estimates for PTax and Sales Tax
- Two new trucks in Streets & Roads budget

# Dept. Expenses FY 2016 Budget--in Thousands (000's)



# Gen. Fund Dept. Exp. Percentages FY 2016



# Gen. Fund Exp. Percentages--5 Yr. Comparison

