

CITY OF SOUTH SALT LAKE  
CITY COUNCIL WORK MEETING

COUNCIL MEETING Wednesday, November 18, 2015  
6:00 p.m.

CITY OFFICES 220 East Morris Avenue #200  
South Salt Lake, Utah 84115

PRESIDING Council Chair Irvin H. Jones, Jr.  
CONDUCTING Council Chair Irvin H. Jones, Jr.

COUNCIL MEMBERS PRESENT:  
Sharla Beverly, Ryan Gold, Jr., Irvin H. Jones, Jr., Kevin Rapp,  
Michael Rutter, Debbie Snow and LeRoy Turner

STAFF PRESENT:  
Mayor Cherie Wood  
Charee Peck, Chief of Staff  
Lyn Creswell, City Attorney  
Hannah Vickery, Attorney  
Jack Carruth, Police Chief  
Dwayne Ruth, Deputy Police Chief  
Ron Morris, Fire Chief  
Kyle Kershaw, Finance Director  
Dennis Pay, City Engineer  
Corby Talbot, Sewer Division Manager  
Craig D. Burton, City Recorder  
Paula Melgar, Deputy City Recorder

OTHERS PRESENT:  
See attached list.

**Matters for Discussion**

- 1. Police Policy Considerations.** Police Chief, Jack Carruth, advised that since 2014 the Police Department has been going through some challenges with recruitment, retention and staffing issues. He reviewed a presentation with the Council. A copy is attached to these minutes and incorporated by this reference.

Police Detective and South Salt Lake FOP President, Joe Sutera, said they support the current administration and Police Chief. They realize the problem is money. He has talked with most of the officers who have left, and are looking, and they are looking at pay and pay only. He currently has an application out as well. It is not what he wants to do. He loves it here as do the other officers. They are heavily invested here. They just opened the application process and received ten or eleven

applicants. Of those ten, they may get one or two hired. This will be the way of the future. He urged the Council to fix the problem.

Council Member Rutter asked if the problem is because the newer cities are trying to fill the ranks.

Chief Carruth said it is not. This isn't a South Salt Lake problem; it is a law enforcement problem in the State of Utah and in the nation.

Council Member Rapp said they had a meeting on this topic at the Utah League of Cities and Towns conference. They mentioned recruitment is way down. It has become a bidding war throughout the State and the Legislature is looking at the issue. He asked the Chief if he had heard anymore.

Chief Carruth said he is aware of that and he sat at the capital during a legislative meeting on the issue and it doesn't look hopeful. There is very little support for public safety and changing the URS pension system from how it currently stands.

Mayor Wood advised that the surrounding cities have fixed their issues in their police departments and that is why it is becoming such an issue for South Salt Lake. Others are offering sign-on bonuses and recruitment bonuses. So not only is South Salt Lake dealing with the pay inequity issue but they are also dealing with surrounding cities that are providing some really tempting incentives.

Finance Director, Kyle Kershaw, explained that since the recession in 2008/2009 salaries, as a whole, in the City across the board have fallen behind other cities because we have the 2016 problem to deal with. It would be nice to fix them if it were possible.

Mr. Kershaw said the \$180,000 requested by the Police Department is probably fairly easy to deal with from a budgeting standpoint because they would look at it as a one-time expense and figure out some way to come up with it. The challenge is the sustainability of it. The \$180,000 is really more like \$280,000 annually. Therein lays the challenge. That throws the City behind \$300,000 from where they thought they would be. There are a few ways to deal with this. One would be cutting the budget. They have gone through about eight years of budget cutting and very conservative budgeting practices just to keep up with benefit costs and the raises the City has been able to do. A second thing the City Council would have to consider is some revenue increases. One increase would be a property tax increase. That process takes place in June so next year's Council would have to decide if that is a viable option. A third option is fee increases. They have raised various fees to keep up with the demands of providing services. Mr. Kershaw is not advocating that there is any expectation from the City, but because the Chief has gutted his traffic unit, court cases have decreased as well. If there were more officers on the street the expected correlation would be more enforcement of various traffic violations. That is a law enforcement and public safety issue. These are three ideas staff suggests to address this particular problem. It goes across all departments. It will take some tough decisions as they go through the

budgeting process. Everything Chief Carruth said is true, staff is just not sure how to deal with the sustainability part of it. They can fix it for six months. The challenge is what to do for July 1 forward.

Council Member Snow asked how the \$180,000 breaks down. What does it translate to per officer?

Chief Carruth said the \$180,000 is just for the remaining portion of this fiscal year. It doesn't break down equally per officer because each officer is at a different place. One is down five steps, one is down two. For each position they would be moved to where they should be on the step increase pay scale.

Mr. Kershaw advised that they are only talking about sworn officers, not any clerical or technical staff.

Council Member Gold asked if these steps were promotions.

Chief Carruth said they are not and explained that they have a set pay scale that caps out at eleven years. An officer looks at it and sees what he should be making based on the number of years he's been employed.

Regarding the URS issue in the Legislative Committee, Chief Carruth said the sentiment in the meeting was that it is incumbent upon the cities to come up with the other 12.5%, meaning when they reduced the Tier 1 to Tier 2 to 37.5% they said the cities can come up with the other 12.5% in salaries to make up for the difference. They never changed anything. They might have changed the pension payout for 50% to 37.5% but what they did was forced cities to increase that salary by 12.5% to make up the difference. It is not working. There are sheriffs and chiefs from all over the State, pleading with the Legislature to change that he doesn't think it will be changed in this fiscal year.

Mr. Kershaw advised that regardless of what the Legislature does, the cities will be picking up some percent of retirement if they change it, whether in salaries or benefits.

Council Member Rapp asked if the 2016 shortfall was at \$300,000 right now.

Mr. Kershaw answered no and clarified that sustaining the police increases they have discussed tonight would add another \$300,000 to the shortfall per year. At the end of June 2015 the shortfall was about \$1.5 million dollars. They have one more year in the hold harmless program. If sales tax grows like it did this last year the problem at the end of fiscal year 2016 will be around six or seven hundred thousand dollars. Staff has determined they can deal with that by cutting back on purchases or infrastructure until they grow out of it. If they add the police raises to this it becomes an eight or nine hundred thousand dollar problem and that doesn't include if there would be increases for the other employees going forward. Staff tries to address those with other revenue growth such as energy sales and use tax and property taxes

that occur naturally without having to impose a tax increase. Whatever decision the Council makes they need to consider the 2016 implications for it. Staff will follow the Council's lead and how they want to address it.

Council Member Snow asked Chief Carruth if they are seeing the same type of loss of officers in the Fire Department and if there is similar inequity with missed steps and people being behind.

Chief Carruth agreed there is the step inequity with public safety as a whole. The difference is the fire service is not facing the same impact as law enforcement is in recruiting and retaining officers. It's a national problem and state problem. Currently law enforcement throughout the State is down over two hundred positions that cannot be filled. Every agency is doing what they can to attract officers and with the risk associated with new, inexperienced officer, everyone is trying to capture the experienced ones. If South Salt Lake can't hold on to them it comes with a huge price tag with a million dollars in training costs that they spend on officers.

The Council suspended the work meeting until after the conclusion of the Regular Council meeting.

The meeting was suspended at 6:49 p.m.

It resumed at 7:44 p.m.

Council Member Snow was not present for this second item on the work meeting agenda.

- 2. Sewer Fund Fees and Rates.** Fred Philpot, with Lewis Young Robertson & Burningham, Inc. reviewed a Sewer Impact Fee Presentation with the Council. A copy is attached and incorporated by this reference.

City Attorney, Lyn Creswell advised the Council that this fee could not be increased beyond the recommendation. They can reduce it but can't increase it.

Finance Director, Kyle Kershaw, reviewed a handout on sewer rates with the Council. A copy is attached to these minutes and incorporated by this reference.

Mr. Kershaw reminded the Council that the City sewer system only serves about half of the City. Residents north of Millcreek are on the City system and those south of Millcreek are on the Mt. Olympus system.

Mr. Kershaw said the last sewer rate increase was thirteen years ago. It was raised significantly back then and they were able to make some improvements but now, with the escalating costs, they have fallen behind again and the sewer fund has been operating at a loss for the last five years. The proposed Central Valley Water Reclamation Facility budget has a sixteen percent increase for 2016. On their capital plan for 2016 they have an increase of thirty-eight percent. That has been happening

over the last several years as operating costs at Central Valley keep increasing. The City can do all it wants on the collection system to keep costs in check, and they have done that, but the larger portion of the costs involve the treatment at Central Valley. The City has one board vote so they don't have a chance to control what happens there financially.

In 2016 Central Valley has proposed \$5,641,000 in capital projects to replace their equipment, infrastructure and other projects. In the next year it goes up to \$10.4 million and the next year it goes to \$14.8 million. The challenge they are facing is that the plant is thirty years old and some of the critical systems need to be replaced, or upgraded, so this is their five year capital plan. Mr. Kershaw doesn't believe all these projects will be completed because there is limited money but what they need to appreciate is that Central Valley has a plan to maintain the plant.

As staff looks at the sewer rates they are trying to find a way to address this Central Valley challenge. The current rate structure is based on flow. The assumption is all the water that is used in the winter months ends up going down the drain and having an impact on Central Valley. They take the winter average to calculate every connection in the City's system and they assess a fee. Currently it is \$3.30 per thousand gallons of winter average. So, a single person who uses only a small amount of water is paying \$3.30 a month for sewer. If someone uses ten times that, their rate would be \$33 a month. It's based on the amount of water they use. About twenty to twenty-five users in the City are considered industrial waste users and they have a test agreement where testing is done and staff uses that data to assess part of their sewer rate based on strength. There are two components to the bill, flow and strength. The City is only able to access this strength component on connections that have the equipment and infrastructure to accommodate testing equipment. There is an inequity in that because there is a lot of discharge into the system from businesses that the City is unable to sample because they were there before building codes required them to have sampling stations. An example is on the corner of 2700 South and State Street where there is a deli donut shop. They have a sampling station and the City assesses them an industrial waste fee in addition to a rate to treat their flow. The business right behind them is a barbeque chicken restaurant. They don't have a sampling station and the City is unable, under the current structure to, to assess them a strength component. Staff presumes there is a lot of stuff going down their drain that costs extra to treat. They have been striving to figure out how to deal with this inequity for a few years. As they looked at trying to capture their fees, they wanted to capture the strength component to have everyone pay their fair share based on their flow and strength.

A rate study was done with the initial goal to try to make it easy for everyone and have a flat fee for everyone on the system. That is how Mt. Olympus does it. It doesn't matter how much water you use or how much you actually put in the system. They do that primarily because they don't have access to water data. Staff went through dozens of options trying to do the flat rate but in the end the flat fee was significantly large. Those people that are single, senior citizens, etc. that have very little water use, would end up paying around \$25 a month which is the same price

their neighbor down the street would be paying that have ten people living in their house. Staff didn't feel it was a fair way to do it, particularly since they have access to the water data.

The first proposal they want to present is to change the rate from \$3.30 per thousand gallons to \$5.00 per thousand. Staff feels it is fair and long overdue since it has been thirteen years since the last increase.

Second, the City has testing data over the years for how much certain businesses were contributing into the system. Using an engineering calculation, staff has determined a multiplier for a strength component fee for various business classifications. Since they have the water data they can do this specific type rate structure. Staff believes it is equitable for all involved. What they intend to do, unless there is significant opposition, is bring this to the Council as part of a Consolidated Fee Schedule change.

Council Member Rutter asked if there would be a plan to help the low income in the City.

Mr. Kershaw said the Council could put that into the schedule if they wanted to.

Mr. Kershaw advised that the Council could adopt this right away with an effective date of February 1 or they could wait and do it in July with the new budget year. The increase in revenue with this would be around \$600,000 to \$700,000 dollars. One thing they intend to do with the increase is bring the testing in house that they are currently contracting with Central Valley to do. The rest of the additional funding would go to close the Sewer Fund operating gap they currently have and to have money available to address the assessments they will get from Central Valley for capital needs.

City Engineer, Dennis Pay, said the strength of this proposal is that it places the burden on those who are contributing the most to the system while the impact to those who don't is minimal.

Council Chair Jones advised that this increase might be a little bit extra for this year but next year when the Central Valley capital expenditures double the Council won't have to go back to the residents for another sewer increase. Also, as they look at their own infrastructure and the capital projects the City has for the next fifteen years they are pretty substantial. He would say the sooner they raise the rates the better.

Mr. Pay reminded the Council that impact fees can only be used for new construction based on growth. They can't be used for maintenance and repair. The City system was put in the 40's and 50's. It's an old system that is wearing out and they need to give it the attention it deserves.

Council Member Rapp questioned manufacturing having a multiplier of 1.

Mr. Kershaw explained that they had to rely on historical data and it wasn't there to support that a manufacturing plant puts an inordinate amount of strength into their discharge.

Mr. Pay advised that there is a provision included that if there is something staff suspects is contributing to the strength component, they can take samples, look at it and assess them accordingly.

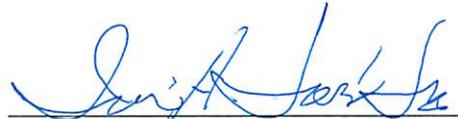
Mr. Kershaw said that there are six or eight businesses in the City which are under an EPA discharge permit which means that the nature of their discharge could lead to some EPA violations so they are permitted by Central Valley. Central Valley tests them to make sure they don't violate EPA rules. The only latitude the City has on that is they get to charge them for the costs of doing the sampling. There are another five or six businesses that, because of the nature of what they do, they have a lot of strength discharge. The City will continue to test those and base their strength component off of actual testing numbers.

Council Member Rapp asked if the car washes are in the outlier group.

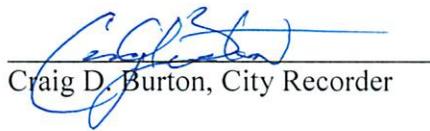
Mr. Pay said staff would have to take a look at it.

Mr. Kershaw said if this is implemented and they get an individual trained to do sampling they could do a lot of individualized things and try to capture those costs.

The meeting adjourned at 8:49 p.m.



Irvin H. Jones, Jr., Council Chair



Craig D. Burton, City Recorder

