



MINUTES
Springville City Council Budget Retreat Meeting – April 27, 2016

THE FOLLOWING ARE THE MINUTES OF THE BUDGET RETREAT MEETING OF THE SPRINGVILLE CITY COUNCIL HELD ON WEDNESDAY, APRIL 27, 2016 AT 1:00 P.M. AT THE SPRINGVILLE COMMUNITY SERVICES BUILDING, 443 SOUTH 200 EAST, SPRINGVILLE, UTAH.

Mayor Wilford W. Clyde presided. In addition to Mayor Clyde, the following were present: Councilmember Rick Child, Councilmember Craig Conover, Councilmember Christopher Creer, Councilmember Jason Miller, Councilmember Chris Sorensen, City Administrator Troy Fitzgerald, Assistant City Administrator/City Attorney John Penrod, Assistant City Administrator/Finance Director Bruce Riddle and City Recorder Kim Rayburn.

Also present were: Public Safety Director Scott Finlayson, Administrative Services Manager Rod Oldroyd, Buildings and Grounds Director Alex Roylance, Power Director Leon Fredrickson, Golf Pro Craig Norman, Public Works Director Brad Stapley, Recreation Director Corey Merideth, Library Director Pam Vaughn, Museum of Art Director Dr. Rita Wright and Fred Aegerter Community Development Director

1:03 P.M. OVERVIEW OF BUDGET PROCESS – City Administrator Troy Fitzgerald

Administrator Fitzgerald welcomed everyone and asked the Mayor and Council for input and questions. He explained not much has changed with the budget, services are being maintained and the design and build of the Aquatic Center is moving forward. He then turned the time over to Assistant City Administrator/Finance Director Bruce Riddle.

1:06 P.M. REVENUE DISCUSSION – Assistant City Administrator/Finance Director Bruce Riddle

Director Riddle provided information on the General Fund Revenues and explained the fund provides for general city services and anything not in an enterprise fund. He noted the General Fund is funded by taxes, transfers, grants and some user fees.

Director Riddle reported the Enterprise Fund provides for five different utilities and the golf course. He explained it is funded by user fees and grants on occasion.

Director Riddle reported revenues are projected to be \$20.8 million up \$1.33 million from FY2016, most of that being \$743,000 from the General Obligation (GO) bond levy to property tax for the Aquatic Center. Director Riddle commented citizens will receive property tax notices in the fall and there may be questions because this is when the increase from the bond will start. He went on to explain the Enterprise Fund transfer rate is at 5% excluding Golf and minor fee change recommendations with minimal impact. C-Road reserves will be used for street projects and will be drawing down those reserves for upcoming projects.

Director Riddle gave a breakdown of taxes the biggest being sales tax revenue. In 2016 with projections, only up about a half percent in sales tax revenues for next year. He explained property tax is up 21% because of the GO bond and new growth.

Administrator Fitzgerald discussed property tax and how it may affect citizens with new growth. Director Riddle gave a brief history of annual sales tax for the City and the ups and downs over the last ten years. He stated he is forecasting a 20% reduction for Walmart and reviewed a comparison of property tax rates of Springville compared to neighboring cities. Director Riddle commented the budget feels constrained with “asks” from departments and inflation increases. He asked the Council for their input on policy and if a RAP tax should be considered for future budget cycles.

Councilmember Conover expressed a RAP tax can help with activities, the Art Museum and others. He asked do we want to do this during a council election year or wait. Councilmember Sorensen stated we should have the conversation on a RAP tax for 2018. Mayor Clyde commented a RAP tax would help with funding to finish existing parks. Staff and council discussed RAP tax pros and cons.

Administrator Fitzgerald asked if there were any other revenue sources the Council would like to discuss. Director Stapley asked if it was possible for a fuel tax on truck stops. Administrator Fitzgerald replied he would look into it and commented, a utility on streets has been passed by some other cities, however, it could be challenged, because they are charging citizens for roads, to build, maintain and upgrade them. Councilman Sorensen suggested looking into more options.

Councilmember Child asked if there was a maximum amount that can be held in different funds. Director Riddle explained the requirements for each different fund.

Director Riddle reported on economic considerations explaining unemployment is down at 3.4% while the U.S. unemployment rate is 5% and the employment growth rate is second in the nation. He stated Utah personal income is approximately 5.5% and noted the Utah economy is diversified and generally stronger than the U.S; also development in the City is increasing.

1:45 P.M. BUDGET REVIEW – ENTERPRISE FUNDS – Assistant City Administrator/Finance Director Bruce Riddle

Director Riddle explained he would review the Enterprise Funds and requested that the Council ask questions and provide direction. He asked regarding the Enterprise Fund what needs are changing more rapidly and what will they be in five years. Are there services the Council would like to see that are important or are there some that are not as important?

Councilmember Conover stated solar power needs to be looked into and how it will affect the City and recreation is important to citizens. Administrator Fitzgerald replied Power Director Fredrickson has been working on this subject and will report to the Council in an upcoming meeting.

Director Riddle commented the Southern Utah Valley Solid Waste District (SUVSWD) has been able to sell what they recycle and now they are paying for recycling. He asked the Council if they would like to relook at the recycling service and the cost. Councilmember Sorensen expressed, citizens are sensitive to recycling. Mayor Clyde commented citizens are more conscious of recycling and some are willing to pay more to do it.

Director Riddle gave an overview of the Enterprise Fund revenues. He explained some rate increases have been done for the pressurized irrigation water and noted irrigation rates have increased and a 20% increase is being proposed; also impact fee growth is up 40%. Councilmember Sorensen asked how the calculation is done for impact fee growth. Director Riddle explained this year’s budget is higher than last year’s budget.

Director Riddle reported water operation lines are flat, while approximately \$1.9Million in capital projects is budgeted. He explained the Sewer Fund is not proposing a rate increase and there is a new revenue line regarding composting. Funds that went out to the SUVSWD are now going to the City,

who will pay to use the SUVSWD grinder. Director Stapley commented they are working to cut back on grinding by asking for proof of residency at the gate of the compost yard. Director Riddle reported the capital projects budget has increased due to master plan projects.

Director Riddle reported the Electric Fund has no rate increase proposed and the operations line is flat with no personnel changes proposed. Councilmember Sorensen asked the status of changing lights within the city to LED street lighting. Director Fredrickson replied 50-60% is complete. Administrator Fitzgerald reported \$275K in power reserves will be transferring to the Aquatic Center budget. Director Fredrickson asked about having fiber installed up the canyon. Options were discussed and the Council asked Director Fredrickson to provide them with numbers.

Director Riddle reported the Storm Water Fund revenue has a proposed rate increase of 10%. He explained with continued State and Federal regulations it has strained the budget and because of this they need to hire a storm water inspector as well as update the master plan at a cost of \$50K.

Director Riddle reviewed the Solid Waste Revenue and explained a rate increase of \$0.50 a can has been proposed and there is continued pressure from both growth and increasing fees from SUVSWD. He conveyed the solid waste collection routes will be expanding and eventually will need a new truck. Council and Staff discussed the need for a truck in solid waste to pick up and deliver cans.

Director Riddle asked the Council what is important to them; low rates or high levels of service. Council in the affirmative stated they would like to see both. Councilmember Creer commented some services are more because of the type of service. Administrator Fitzgerald stated on average the City is lower on rates and fees.

Director Riddle reported on the Golf Revenues explaining no rate increase is proposed, sales revenue is flat and no impact fees. Councilmember Sorensen commented some cities have moved golf courses into their General Fund. Director Riddle responded it doesn't change the economics and would lose transparency. Director Riddle reported they are looking at options for a golf restaurant. Mayor Clyde proposed Clyde Company could take it on and share the profit 50/50. They could open from early morning to after lunch, with a small menu and use vendors from the gas station owned by Clyde Co. Councilmember Conover stated something needs to be done with the snack bar. Director Riddle replied there are some other offers on May 10, 2016 there will be more conversation. Councilmember Sorensen expressed there seems to be some disparity, on the funding of the Golf Course. Mayor Clyde commented we need to add money or cut services. Administrator Fitzgerald reported the golf course is currently overstaffed. Mayor Clyde commented Springville is a better golf course and is maintained better. Administrator Fitzgerald remarked golf should bring in enough to break even. Councilmember Child commented there are other areas of the City that do not bring in money and things are not looking good up at the golf course. Mayor Clyde expressed we need to have ideas and ways for it to pay its way, for now we need to subsidize. Councilmember Sorensen stated the pro needs more help. Administrator Fitzgerald expressed there are a number of hours that are covered with help. Councilmember Child stated the greens need to be maintained and something is not working. Administrator Fitzgerald explained by subsidizing golf the funds would need to come from somewhere else in the City. Mayor Clyde stated we need to maintain service. Last year it was discussed about having improvements done and now we are into the golf season and it's not done. Administrator Fitzgerald suggested coming back and discussing this in a work session. Councilmember Sorensen commented maybe we need to understand it better and discuss.

2:50 P.M. BREAK

3:00 P.M. RIBBON CUTTING (Stonehenge Rehabilitation Facility)

3:48 pm ENTERPRISE FUNDS (Continued)

Councilmember Sorensen commented we understand and are concerned about the golf course and a further discussion would be beneficial. Mayor Clyde expressed outside the city we are recognized for the Museum, Golf Course and canyon parks. The golf course is special and we need to keep it looking good and have good service. Councilmember Child stated in the last three weeks he received comments that when Springville does something they do it right and we need to keep it that way.

Director Riddle reported on the Airport. He explained operations are generally flat, with a potential of shift in management and a major break from capital expenses for the next year or two. He commented the IMSAR improvements have been delayed while there will be a \$400K loan for those improvements in the future and the asphalt maintenance program will continue. Administrator Fitzgerald reported discussions with Spanish Fork about the airport are set within the next few weeks.

Director Riddle mentioned regarding the water fund, a lead man position is set for later in the year.

3:55 P.M. WAGES AND BENEFITS – City Administrator Troy Fitzgerald

Administrator Fitzgerald opened up the discussion and asked the Council what they would like to see “before they leave office”. Mayor Clyde stated the Aquatic Center open. Administrator Fitzgerald replied they have a recommendation from a contractor on bid timing and will review with the Council in August. Councilmembers Creer and Conover both stated lights for Memorial Park. Mayor Clyde commented the railroad crossing at 950 West. Councilmember Sorensen mentioned a street crossing light at 100 South Main Street during Art City days. Mayor Clyde agreed and recommended UDOT should be asked to help with this. Councilmember Conover requested an electronic sign with an information reader.

Administrator Fitzgerald moved on to Wages and Benefits discussion. He explained the forecast for 2016; wages and benefit costs are up 6.2% and pay is up 3%. In the state of Utah the average employee will pay 29% for insurance and municipals will pay more. In the marketplace insurance is increasing 11%, dental is increasing 1% and pension has a 0% increase. Administrator Fitzgerald commented actual health costs are showing an upward trend as well as plan changes over the last ten years.

Administrator Fitzgerald reported some of the goals and concerns of staff is to increase morale, insulate the City from rising benefit costs, insulate the City from rapidly rising wages and attract better job candidates to the City. A benefits task force comprised of employees was established earlier this year to review benefits. Administrator Fitzgerald explained some of what was put into the budget. All employees would receive a \$0.30 raise; full time merit eligible employees would receive \$0.70 raise, benefit increases would be funded, an early retirement program funded and two different benefit plans introduced. A traditional plan and the new Vanguard plan that is PTO based, zero cost to payroll when balanced and a transition incentive. Current employees can choose which plan and all new employees will be on the Vanguard Plan. He explained the interest is highly dependent on the usage patterns of the employee. These options should give the City lower risk and be competitive in the marketplace. Also, comments from employees have been positive. Administrator Fitzgerald asked the Council if they had any concerns about offering these two plans. Councilman Child asked if they were balanced.

Administrator Fitzgerald replied there will be a little wavering until all is in place. Mayor Clyde commented PTO should be split up for new employees and not given the entire amount at hire date.

Administrator Fitzgerald reviewed Health Insurance rates compared from 2016 to 2017 and gave examples of an HSA Plan, as it moves into traditional and vanguard plans. He stated he believes the new plan will increase morale and benefit the City in the long term.

Administrator Fitzgerald gave a review of grade scale updates; explaining the P1 to P3 will be eliminated and the scale will increase by 30 cents. An increase of \$1500 for grades 7 to 30 with the goal to get grade scales up to be more competitive in the marketplace.

Administrator Fitzgerald reported the early retirement program currently has seven signed up and others are exploring the option. The budget for the retirement plan will be spread among the funds and the deadline for signups will be May 15, 2016. He explained the City will benefit and it will provide advancement opportunities to employees.

Administrator Fitzgerald asked the Council what one service could be added that would benefit the largest amount of citizens. High speed internet, public transportation and economic development were the top three.

4:54 P.M. BREAK (dinner)

5:10 P.M. BUDGET REVIEW – GENERAL FUNDS – City Administrator Troy Fitzgerald
Council Review, Questions and Direction

Administrator Fitzgerald commended the Directors for having done a very good job at holding the line with the budget and explained there are many recommendations for capital purchases.

Administrator Fitzgerald reviewed the legislative training dollars and explained any training the Council attends that is paid for by the City will come out of the legislative budget with a \$1500 per councilmember budget. He advised there are funds available for contributions and listed areas contributed to in the past.

Administrator Fitzgerald gave a review of various departments and line items. In reviewing the Administrative and Legal budget it was noted the Public Defender will now be under the Administration Budget instead of the Court Budget. The Finance and Treasury Departments show credit card costs went up and they are seeing more of a need from customers for using credit cards for payments. Community Development has \$35,000 inserted for growth. Currently the Department is at half the staffing as in 2006 and now the growth rate is higher and the Public Works and Engineering Departments have added railroad projects.

Administrator Fitzgerald detailed the Justice Court budget explaining the Public Defender was moved to the Administration budget, while the Court Security has been cheaper than anticipated, part time hours have been reduced by 2080 hours. With this change the Court hours will reduce and review hearings will need to be reduced.

Administrator Fitzgerald provided information on the Parks Department, noting shade tree expenditures are up due to the installation of trees in completed subdivisions. The holiday decorations expense has increased in order to start replacing aging decorations. The Camp Host will now be covered by employee hours instead of contract hours. Canyon Parks have recovered about 40% of their costs. Administrator Fitzgerald asked the Council if this was too high, too low or about right. Mayor Clyde asked about pavilion rentals, if non-residents are charged more. Director Roylance replied there is no higher rate to use pavilions. Mayor Clyde commented there should be consideration of a higher rate for non-residents and asked to discuss this further in a work session.

Administrator Fitzgerald reported the Museum of Art will recover about 10% of their costs and asked the Council if they see this as too high, too low, or about right. He explained they will be looking at rental rates.

Administrator Fitzgerald stated Recreation is seeing a reduction in the Art City Days budget due to more efficient budgeting. Staff is trying to keep the current pool open for another 18 months and the Recreation budget should recover 40% of their costs. They are also working to keep activities affordable for all kids to participate.

Administrator Fitzgerald explained the Library is seeing an inflationary book budget due to increases. Staff is working to spread out the computer impact, but 26 are scheduled to be replaced. The Library will recover 10% of their costs.

Administrator Fitzgerald reported the Senior Citizens have seen an increase in part time hours due to the purchase of a bus with grant funding and some program dollars have moved to part time labor programs.

Administrator Fitzgerald asked the Council what is the biggest hassle about interacting with the City for a citizen. The Council responded the fence ordinance, customer service, communication, knowledge of city employees, and to have a helpful attitude. Most agreed the “touch point” is the front lobby; important to be professional. Administrator Fitzgerald stated staff is looking at more interaction with social media. Council agreed any positive public relations would be helpful. Administrator Fitzgerald suggested neighborhood meetings. Councilmember Miller asked about having a section on the City website for “how to do this”. Mayor Clyde commented he has noticed the Planning Department and Recreation Department have been receiving positive feedback. Councilmember Conover stated timing in Community Development for approvals and employee’s time off coverage should be coordinated.

5:50 P.M. BUDGET REVIEW – GENERAL FUNDS (Continued) – City Administrator Troy Fitzgerald

City Administrator Fitzgerald reviewed the Capital Improvement Fund and new program requests. He explained a new scoring process was done this year by Department Directors. The Council then reviewed the list of capital items recommended by the Department Directors.

Mayor Clyde asked the Council for feedback on the items suggested or to express any changes they would like. Councilmember Conover stated he would like to see the Memorial Field lighting completed; Councilmember Creer stated he agreed they are important. Councilmember Miller asked if some items would pay for themselves. Councilmember Sorensen suggested a Police Traffic Officer could be added. Councilmember Child expressed the Memorial Park lights would increase the field usage.

At 6:13 p.m. Councilmember Sorensen was excused from the meeting.

Mayor Clyde asked about the 950 west railroad crossing and if it could be funded in a different way. Director Stapley replied yes.

Mayor Clyde asked about body cameras for Police Officers. Chief Finlayson replied the request is for half of what would be needed. He stated currently four are being used and they do help in court cases.

Mayor Clyde discussed possibilities of doing something different and adding a part time Museum Curator, maybe an Association employee and stated they are a key player with the Museum. Administrator Fitzgerald replied currently the Museum of Art is over staffed for the incoming revenue

streams. He explained there would need to be an increase in funding or cut back on services. The grant funding involved is restrictive and for specific purposes.

Mayor Clyde stated he thought the part time Economic Developer position was agreed upon. He explained the City is spending funds trying to plan the community and get additional revenue for the City. He commented what types of businesses do we want to bring to the City; and more effort needs to be put into economic development. Councilmember Miller expressed finding the right person may difficult to find on a part time basis.

Administrator Fitzgerald reported on the Aquatic Center and reviewed the budget funding needed for road improvements. He stated he would give more detail at the council meeting on May 3, 2016.

Administrator Fitzgerald reviewed C-Road Funds and noted some adjustment will be made with this budget over the next few days. Projects include building the 700 south road for the Aquatic Center and 800 South from 200 east to 2750 east will be micro-surfaced and some overlay, also 1600 south will be crack and chip sealed.

Administrator Fitzgerald commented the Central Shop is in need of an Administrative Assistant for 20 hours per week, to allow mechanics the ability to work on vehicles instead of paperwork or collecting parts.

Administrator Fitzgerald provided the Council with a list of the many Facility projects and the estimated costs.

Administrator Fitzgerald reviewed what is happening with vehicles and equipment. He explained they are keeping pickup trucks longer and are able to build up funding. All light vehicles will not receiving funding this year. However, funds are going in to help with heavy vehicle funding. Mayor Clyde commented by pushing a vehicle out to a 15 year mark they tend to break down and have more wear and tear. He suggested looking more at the miles than number of years.

Mayor Clyde thanked the Directors, Administrator Fitzgerald and Director Riddle for the time that has been put into the budget process. Chief Finlayson thanked Administrator Fitzgerald for providing the vehicle funding program, and said it has made a big difference with budgeting.

6:40 P.M. PARK IMPACT FEE PROJECTS – Assistant City Administrator/City Attorney John Penrod

Assistant City Administrator Penrod explained more detail is being worked on for the Community Park proposal. He explained they are looking at next year regarding Community Park and Bartholomew Park.

Director Roylance provided information on the various proposals. Council asked that Director Roylance send them copies of the proposals for them to review.

6:50 P.M. WRAP-UP/QUESTIONS AND CONCERNS

Mayor Clyde asked if there was further discussion. There was none.

ADJOURNMENT

The meeting was adjourned at 6:55 p.m.

This document constitutes the official minutes for the Springville City Council Budget Retreat Meeting held on Wednesday, April 27, 2016.

I, Kim Rayburn, do hereby certify that I am the duly appointed, qualified, and acting City Recorder for Springville City, of Utah County, State of Utah. I do hereby certify that the foregoing minutes represent a true and accurate, and complete record of this meeting held on Wednesday, April 27, 2016.



Kim Rayburn
City Recorder