



PROVO MUNICIPAL COUNCIL

Work Meeting: Budget Retreat Minutes

2:00 PM, Tuesday, May 22, 2018

Room 310, City Conference Room

351 West Center Street, Provo, UT 84601

Agenda ([0:00:00](#))

Roll Call

The following elected officials were present:

- Council Chair Gary Winterton, conducting
- Council Vice-Chair David Harding
- Council member David Sewell
- Council member Kay Van Buren
- Council member George Handley
- Council member David Knecht
- Council member George Stewart, arrived 2:06 PM
- Mayor Michelle Kaufusi, arrived 2:11 PM

Prayer

The prayer was given by Councilor David Harding.

Business

1. A presentation by Public Works staff on topics related to the budget ([0:02:37](#))

Council Executive Director Cliff Strachan framed the discussion, outlining the requests and questions submitted by Council members and staff to the respective departments relative to their budgets. Public Works was asked to discuss recycling fees and a sanitation update, and they would also discuss continuing utility rate increases and supplemental requests. There was no implied motion—if Council had direction or input to give to the Administration, Council members were invited to make such motions as they felt inclined. Several decision points of this discussion may have included a decision on the direction for the City's recycling program as well as any considerations on the supplemental items.

Dave Decker, Public Works Director, recognized Jimmy McKnight, Public Works Budget Analyst, who has contributed significantly to the preparation of the Public Works budget. Mr. Decker gave an update on the compost program, which the City has operated for a full year. One of the goals of the composting program has been to not landfill any material—Public Works has been able to sell the entirety of the composting product in order to sustain the green waste program. The compost is not mixed with mineral output from the wastewater plant; it is just the green waste materials as degraded at the composting program site.

Mr. Decker addressed some recent changes to the recycling market and how that affects the local recycling program. The recycling tipping fee at the Solid Waste District transfer station would increase from \$36/ton to \$60/ton. Mr. Decker explained the impact, based on historic quantities of recycling, would be approximately \$65,000. Public Works staff have proposed increasing the recycling utility fee by an additional \$0.50 beyond the recommended \$0.50 increase, resulting in a net \$1.00 increase. Wayne

Parker, CAO, noted that this was a nationwide issue related to the economy of scale; other communities were facing the same challenge as Provo. Council Chair Gary Winterton asked for additional figures on the true costs of the green waste and recycling program. A supplemental request to add a foreman position has been included in the FY19 budget proposal. Mr. Decker indicated that the discussion with the Administration has been to continue the recycling program. It may be advisable to discuss further with the Solid Waste District, as any change in the format of the program would need to be driven by the Solid Waste District. Rocky Mountain Recycling is also a major stakeholder involved in the decision making, as they are the source that processes the recycling products. Bryce Rolph, Sanitation Manager, indicated that material is not being diverted to landfills; Rocky Mountain Recycling has certified that it is being recycled, but right now materials like plastic are being recycled at a cost to them.

Councilor George Stewart asked about Bulldog Boulevard. Public Works staff explained that the City's Capital Improvement Projects plan showed only the City's matching funds of 6.7%. Most of the project funding was coming from federal and State grants and this was the second budget year of the project. Council members were interested in further discussion of the project.

Mr. Decker and Public Works shared accomplishments which resulted from recent utility rate increases:

- Water
 - Water tanks on Columbia Lane and Slate Canyon Drive
 - Rehabilitation of one well and construction of two other wells
 - Future rate increases would focus on development of wells in order to utilize the City's water rights; before water rights can be used to handle increased demand, the City needs adequate facilities to introduce additional volume into the City's water systems.
 - Savings accounts [to mitigate needs for bonding] for large future projects, including:
 - 48" redundant line parallel to Canyon Road
 - Replacement of water reservoirs near the Mission Training Center
 - Rock Canyon Park reservoir replacement
- Wastewater
 - Improvements of headworks and UV buildings at the treatment plant
- Stormwater
 - Construction of retention basins
- All funds
 - Stadium Avenue utility upgrades in conjunction with road reconstruction

Mr. Decker gave information about the CIP transfer history and projected rate increases, outlining the rates by percentage and dollar amounts on an average monthly bill for a Provo resident. Water rate increases were reaching a more reasonable rate of change. Mr. Decker was concerned about the wastewater rate increases as there would be critical needs with coming financial challenges and regulation changes. Mr. Decker showed proposed rate changes from several other Utah cities, in order to offer a comparison and show the changing trends across the industry due to the new requirements at the State level. Mr. Decker noted several other fee recommendations for wastewater, including an increase to the base fee for the non-connection charge and some airport-related fees. Of the seven supplemental requests submitted to the Administration, two have been funded from the current fiscal year and have consequently been removed from the upcoming budget proposal. **Presentation only.**

2. A presentation by Parks & Recreation staff on topics related to the budget ([0:52:31](#))

Mr. Strachan introduced the next discussion, which would address fee changes, the Triple Play program, and supplemental requests. Scott Henderson, Parks & Recreation Director, outlined fee changes, many of

which have resulted from the Parks and Recreation Department philosophy of making regular small adjustments, rather than infrequent drastic changes:

- Pavilion rental fees
 - Based on costs and market
 - No differentiated rates for residents versus non-residents
- Cemetery fees
 - Wages and staffing costs have gone up for providing expanded services.
 - Only 15% of fees were recommended for adjustment. The proposed changes moved some fees closer to the regional average.
- Sports fees
 - Calculated by direct costs, 150% target return, divided by the number of expected (not maximum) participants. If the result is over the market price, Parks and Recreation would adjust by decreasing to a minimum 125% target return. If the market rate cannot be met with these criteria, the Director would discuss program merits and pricing with staff.
 - Senior and Adaptive programs after often part of this discussion.

Mr. Henderson outlined the Triple Play membership, which would expand accessibility of services and City facilities to residents by allowing use of the Recreation Center, golf course, and Peaks Ice Arena. With Provo taking on complete operation and funding of the Peaks Ice Arena, Parks and Recreation wished to take this on in a way that would not negatively impact other City services and offerings. Some fitness programs would also be expanded to the Peaks Ice Arena to make use of underutilized space there.

Mr. Henderson outlined details of how the revenues would function with regard to the Triple Play membership and the separate Parks and Recreation facilities. The budget impact of the program would eliminate general fund subsidies to recreation facilities in fiscal year 2019. The Rec Center would continue to pay \$500,000 into the General Fund annually, while delivering a better product. Of these facilities, the Rec Center is the only facility with an outstanding obligation bond. The Covey Center still operates with a subsidy and has had some improvements done with the allotted RAP tax. Mr. Henderson also noted that several supplemental requests which Parks and Recreation had funded were approved; the department was appreciative of this support.

Mr. Henderson addressed the needs of the special events program. As the events increase in popularity and attendance, there is a shift in the supplies and staffing needed to provide the same level of service on a broader scale. Mary Dunn, Events Coordinator, has done a tremendous job working with limited resources to execute amazing events, as well as helping with other City events like the rooftop concerts, Women's Day, and Bike to Work Day. The supplemental request of \$20,000 would cover more materials and converting a seasonal staff member to part-time. While there was not always a revenue opportunity for free events, these events are an important offering of Parks and Recreation.

Council members shared comments about the Parks programs and thanked Mr. Henderson and his department for their amazing work and the services they provided to Provo residents. *Presentation only.*

3. A presentation by Police and Human Resources staff on topics related to the budget ([1:40:15](#))

Mr. Strachan introduced the discussion. Chief Rich Ferguson began by introducing supplemental requests funded with fiscal year 2018 carryovers: pepperball purchases and crime-reporting software. Dustin Grabau, Budget Officer, offered additional clarification. Chief Ferguson explained that the Department has sought to prioritize officers and equipment needs among the other critical needs of the department. The main discussion during the Work Meeting focused on police retention strategy. Nationally, there has never been a time like this where across the country, police recruitment and retention has been a huge challenge. Provo has tried to create a brand as a destination police department. Chief Ferguson expressed

that they did not want to be a training ground for other agencies; in the last year, Provo has lost several highly skilled officers in whom the Department had invested significant training time. The Police Department has introduced a number of changes to aid retention:

- Expanding opportunities for professional growth with creation of a traffic unit
- Equipping officers with best equipment available
- Increasing department strength by adding more officers
- Formalizing a lateral program to attract officers from other agencies
- Bringing to the Council's attention the needs of Police facilities and the work atmosphere
- Providing a high level of training, relevant to current trends; Provo Police officers are the primary instructors at the UVU Academy and Provo is known for having a highly trained police force.
- Maintaining a positive social media presence and image (demonstrating proactivity by providing updates on traffic and accident situations, having a positive Police presence, etc.)
- Working with HR to create an aggressive retention plan for wages for officers.

Councilors asked questions regarding the compensation rates and strategy. Daniel Softley, HR Division Director, explained more details regarding the annual grade study and the markets used to provide comparisons for Provo's pay grades. Mr. Softley indicated that Provo is above many of the surrounding agencies, but noted that with a lack of police talent across the industry, other smaller agencies may be paying more than their typical rates in order to attract talent from Provo, and many pay a signing bonus or moving allowance. HR and Police have examined the overall pay grades and tried to identify weak areas of the current strategy. HR also wishes to make sure that pay is fair internally. Mr. Softley explained that the general philosophy is to be within 5% in either direction of the market comparison. Mr. Softley shared some of the strategies they have explored to promote better retention of Provo officers, who are extremely skilled due to the high volume of many types of calls during their day-to-day work. Mr. Softley addressed the turnover in the Police Department and what they have learned from officers during exit interviews; much of the feedback has been anecdotal.

Chief Ferguson has requested 8 officers and in their budget, the Administration recommended 4 officers and a budget analyst. Councilor George Handley asked whether Police needed more officers or more flexibility to offer competitive salaries. Chief Ferguson indicated that 8 additional officers would keep Provo on track to meet the goals outlined in Vision 2030; even four officers would help. In response to other Councilor questions, Mr. Softley said he believed Provo was still getting quality candidates for officers. Many other agencies are simply remaining tight-lipped about their strategies due to the volatility in the market. Mr. Softley outlined some changes to the career series to introduce another midlevel step with additional training and other criteria. Councilors asked additional questions to get a better sense of the relative priority between retention and hiring new officers. Chief Ferguson suggested that the compensation package would probably be more important than one more officer. **Presentation only.**

4. A presentation by Administrative Services staff on topics related to the budget ([2:04:28](#))

John Borget, Administrative Service Director, addressed several supplemental requests, which had been funded from fiscal year 2018. Josh Ihrig, Information Systems Division Director, outlined some of the considerations for the cybersecurity discussion. The Administration did include in the Mayor's office budget some funds to address an initial investment into the cybersecurity protections employed by the City. Those figures were benefit-burdened. **Presentation only.**

5. A presentation by Community Development staff on topics related to the budget ([2:09:28](#))

Mr. Strachan introduced the presentation, highlighting issues of Zoning staffing and an update on parking. Gary McGinn, Community Development Director, presented. Mr. McGinn addressed elements of the

parking program, noting that downtown wayfinding was being continually implemented with more cost-effective elements rather than increased capital funding. Community Development was still focused on the recommendations in the parking study. The parking consultant has complimented Provo's proactive approach to addressing the wayfinding needs. Mr. McGinn indicated that if there were additional needs for the wayfinding project, Community Development preferred to come with an appropriation and justification at a later date. Councilor George Stewart appreciated Community Development leaving out a lot of supplemental requests rather than putting in indefinite requests.

One of the main supplemental requests from Community Development was to transition a part-time office specialist position to full-time. Mr. McGinn explained the staffing impacts and considerations, notably that moving this position to full-time offered more consistency for the department, as well as reduced training hours involved and consolidated several roles to one individual. However, due to the priorities for the City, Community Development felt they were able to handle this with two part-time positions, which was already accounted for in their budget. Councilors asked questions and shared comments regarding the staffing levels with the increased work involved with the zoning disclosures and rental dwelling licenses.

Regarding rental dwelling licenses, Mr. McGinn indicated that there were approximately 7000-8000 rental units in the City. He did not have the exact figures on the proportion that were licensed, but Dustin Grabau, Budget Officer, indicated that \$5000 was the year-to-date figure brought in for RDLs. The rate for an RDL is \$20, or \$60 for an owner with multiple rental units. There was an impression at the time that the fee was lower than the cost recovery for the service. Several Council members thought that a fee increase would be justified.

Motion: George Stewart moved to request Community Development to do a study on Rental Dwelling License fees comparing Provo to other cities to determine whether a fee increase would be needed. Seconded by David Sewell.

Roll call vote: Approved 7:0.

Community Development staff would conduct the fee study and report back with more information.

6. A presentation by Mayor's Office staff on topics related to the budget ([2:43:54](#))

Mr. Strachan introduced several of the questions posed to the Administration for discussion:

- Proposal for a sustainability coordinator was not funded
- \$50,000 budgeted in Fiscal Year 2018 for budgeting for priorities to be carried forward
- The 'big idea'
- 1% COLA (Cost of Living Adjustment) and a resulting cut of the innovation fund for FY19

Isaac Paxman, Deputy Mayor, addressed the sustainability coordinator. The Administration examined the current parking coordinator position to see whether it would work to dedicate the position to parking and sustainability issues. Councilor George Handley had questions about the division of labor, but felt it would be a low-risk way to implement a sustainability position as the parking administrator was already included in the budget; in this capacity, it could be evaluated after a probationary period to determine whether the sustainability position has yielded tangible, measurable benefits to the City. Wayne Parker, CAO, thought that in a perfect world, the sustainability coordinator would fit best in Administrative Services; it was not a bad fit in Community Development, but was not ideal. Mr. Parker felt there was some value in starting there, however, and evaluating the sustainability portion to see how it worked.

Councilors discussed the implications of this shift. Councilor David Harding was not confident that a shift from 40 to just 20 hours per week on parking could accomplish what the City needed to. Some Councilors

were skeptical of the likelihood of finding an individual who could fulfill both roles of such a position. Councilor David Sewell shared a similar concern about stepping back from parking when the Council had made parking a high priority and dedicated funding to it. However, if the Administration felt that a full-time position was not warranted, he was supportive. Councilor George Stewart felt a part-time position was sufficient to implement the parking program, though he had questions about the sustainability coordinator.

Mr. Parker said that the Administration has tried to listen to what the Council has said about how a submitted budget from the Administration could better help achieve the Council's goals and priorities. They have begun implementing performance measures and getting more detailed information. In principle, the Administration has been trying to react to the Council's concerns. Mr. Parker indicated they would like to have a more complete discussion with the Council after adopting the budget about where the process would continue. Councilors shared comments on the recent changes and detail sheets, and several expressed that they were pleased with the progress but would like to continue additional changes.

During fiscal year 2018, \$50,000 was appropriated as one-time funds in FY18 for budgeting for outcomes. This was not used during FY18 and would be under the discretion of the Council Chair and Director as to how to use these funds. It could be dropped back to the General Fund balance and treated as an appropriation in the future once a path forward was determined. The Administration has been very responsive in making the incremental changes each year to the budget process; these incremental changes were appreciated, but did not constitute budgeting for outcomes. What the City did not have was a consultant or the staffing levels to identify how measures were connected to budgeting for outcomes.

Motion: George Stewart moved to not carry over the \$50,000 from the budgeting for outcomes appropriation during fiscal year 2018. Seconded by Kay Van Buren.

Roll call vote: Approved 7:0.

Mr. Parker explained that initially the innovation fund had been cut in order to provide the COLA, but the Administration explored several options for funding the innovation program. There has been a vacant position in Economic Development, which they plan to utilize for achieving the City's retail goals. Between carryover funds and delaying hiring of that position by a month or two, the Administration could fund half the FY18 amount of the innovation program for FY19. John Borget, Administrative Services Director, indicated the Administration would share some ideas for the carryovers to accommodate this. Mr. Borget explained that when the budget is brought for approval, Finance shares a spreadsheet showing the discrepancies from the tentative budget and the proposed funding sources for additional items.

Motion: George Stewart moved to recommend that \$20,350 for Parks & Recreation Special Events be considered for inclusion in the base budget for the final 2019 budget (in the spreadsheet for tentative-to-final reconciliation). Seconded by Gary Winterton.

Mr. Grabau recommended building \$20,350 into the base budget since it was an ongoing expense. Mr. Strachan noted that the Council intent statements discouraged funding an ongoing expense just one time, as it does not support a long-term balanced budget. Mr. Grabau clarified that the one-time solution for the innovation fund was just for FY19 to accommodate the COLA; the intent would be to include the innovation fund in the base budget for future years. Councilors shared comments on the process and these different items in the budget. Staff would continue to examine potential sources for needed funding.

Roll call vote: Approved 7:0.

Mr. Harding asked whether the Administration had factored in or considered a truth in taxation process. Mayor Kaufusi felt that if there were compelling reasons, they would consider exercising truth in

taxation. Mayor Kaufusi addressed the COLA in more detail. Mr. Grabau said the costs of the 1% increase was just under \$500,000. Mr. Grabau and Mr. Borget addressed the recent history of COLAs:

- The annual market study addresses cost of living through segments of employment.
- The last true COLA was probably implemented prior to the 2008 recession. Under Mayor Curtis, there was a one-time 1% COLA payment.
- Mr. Strachan indicated that the City's annual merit increases have surpassed the CPI index increase until 2016, when inflation outpaced the merit increase percentage.
- Mr. Parker indicated that the State government's COLA has not always kept pace with medical inflation. Provo, however, has adjusted the amount given to employees for their HAS using a national medical index, so Provo has kept pace with medical benefits and medical inflation.

Councilors shared comments and feedback on the COLA and City compensation practices. In past years, the City has employed other strategies to compare to the market, but the Mayor has decided a holistic view on compensation was important. The Administration was supportive and felt that this fostered trust between employees and the Mayor.

7. A presentation by Council staff on topics related to the budget ([3:29:16](#))

Mr. Strachan reviewed previous intent statements implemented by the Council. Many of these had been implemented incrementally into the City's policies. Mr. Strachan highlighted specific items from the intent statements and outlined how the statement were addressed in the budget. Several of the outstanding intent statements were considered in the Council's current priorities. Mr. Strachan noted that the intent statement regarding truth in taxation and property tax was an item to consider every year. The Administration has addressed many intent statements in the budget they delivered. Mr. Strachan suggested the Policy Governance Committee review the intent statements for submission to the Administration in December. Council members commented on the property tax rates and the utility transfer.

Several Councilors felt that a property tax increase would need to be tied to a specific need in the City. Councilor David Knecht shared a comment on the property tax increase which would be needed to offset the effect of the tax-exempt properties in Provo. Councilor George Stewart noted the extenuating circumstances this year when the Council may be going to the public with a bond.

Mr. Strachan invited any topics from Council which they wanted to discuss further on the budget. Police retention would factor into the future conversations. Council and staff discussed the proposed format for several upcoming meetings. *Presentation only.*

Closed Meeting

8. The Municipal Council or the Governing Board of the Redevelopment Agency will consider a motion to close the meeting for the purposes of holding a strategy session to discuss pending or reasonably imminent litigation, and/or to discuss the purchase, sale, exchange, or lease of real property, and/or the character, professional competence, or physical or mental health of an individual in conformance with § 52-4-204 and 52-4-205 et. seq., Utah Code.

No closed meeting was held.

Adjournment

Adjourned by unanimous consent.