

City of La Verkin

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La Verkin City Council Work Meeting Minutes

Wednesday, May 1, 2019 5:00 p.m.

Council Chambers, 111 S. Main, La Verkin, Utah

Present: Mayor Richard Hirschi, Council Members: Micah Gubler, Kelly Wilson, Patricia Wise, Ray Justice and Randy Reeve; Staff: Kyle Gubler, Derek Imlay, Kevin Bennett, Chief Ben Lee and Christy Ballard.

A. **Called to Order** – Mayor Hirschi called the work meeting to order at 5:02pm

1. FY 2019-2020 Budget

Kyle passed out a handout with possible employee increase options.

He reported the email response from several Councilmembers is that they would like to discuss Truth in Taxation and employee increases.

The numbers on the handout do not represent the 2% cost of living increase, that has already been included in the budget. The top section lists percentage increase, total amount it would cost the City and the approximate amount it would give the employee. A 2% increase would cost the City an additional \$20,790.63 and would increase approximately \$10,000 with each percentage.

The remaining sections break down how much each department would receive for merit increases based on the number of current employees and the percentage.

An increase to wages above 2% would require Truth in Taxation under the tentative budget.

Councilman Gubler arrived at 5:06pm

Kyle continued, dividing the money allocated to each department would be at the discretion of each director. He is proposing the money be effective October 1, 2019 to give the directors time for evaluations and to get approval from the City Administrator.

Kyle explained the process necessary for Truth in Taxation. It will extend the deadline for an approved budget from June 22nd to September 1st. There will be another public hearing and then the Council approves a budget. If they move forward with approving the unbalanced budget, the County will adjust the tax rate to equal the additional money needed to balance the budget.

Kyle will have the Certified Tax Rate by the first meeting in June so we know exactly what La Verkin City will get to help make the decision.

Kyle explained the overtime money is still included in the tentative budget and so is an increase for Jim Weeks. The County told him they are 99% sure the County will implement the local option quarter percent sales tax increase. This would give us an additional \$30,000, based on the current sales tax. It will be about one year for the City to see that money.

There has been some concern over the surplus money in the Appropriation of Fund Balance mentioned in previous meetings. He thinks that concern is from a misunderstanding on how the Appropriation of Fund Balance works. That money is not a set amount like salaries, it is more like a savings account. By law, you must keep 5% of your estimated earnings in reserve. There was a time La Verkin City was not doing that and received a call from the State. At that point the City had a reduction in force and 30% of employees were let go. Kyle was asked at that point to be the City Administrator with a very specific idea to not let that happen again. The Mayor and Council are ultimately responsible for the budget; however, he knows his job is on the line if there is an issue with the budget which is why he tends to be more conservative.

When money from the Appropriation of Fund Balance is used, it does benefit the budget. For instance, last year money was used to pay off the animal control shelter which increase the public safety budget by \$10,000. We have used the money to purchase a new police vehicle and to purchase crack seal.

Ten years ago, when Kyle began tracking this information, the City earned approximately \$1,500 in interest in this account. Interest rates haven't changed much since then and this year we will earn approximately \$45,000 in interest.

The budget is the responsibility of the Mayor and Council, but he does recommend paying off some old debt and keeping some money in reserve.

Kyle explained he has received two different figures from Pelorus and another individual on how much money is available to spend from this account, the difference is \$100,000 so he is meeting with the auditor to verify. Part of the money is Parks & Rec money and must be spent accordingly.

He thinks either way there is enough money to retire the old water tank bond. The final payoff of this bond needs to be verified as well. Pelorus is saying a different amount than the bank. Paying this bond off will put about \$34,000 back into the water fund.

Paying off Ash Creek SSD for the park property is the other item he would like to take care of. Park and Rec money can be used for that. Paying that debt will give the City an additional \$13,000.

The vactor truck is the last thing he is hoping to be able to pay off and that is a \$5,000 annual payment.

Paying these items off would give the City an additional \$50,000-55,000 per year.

Councilman Wilson pointed out if you add that savings to the increase, we should receive from the quarter percent sales tax that would be about \$82,000 to put toward a project.

Kyle stated the revenue from the water rate increase has not been factored in yet either.

While he likes to pay off old debt, he is also not afraid to go into debt for a good project. He feels sometimes you can save yourself money by not waiting until you have the money to complete a project and just getting it done.

Councilman Justice was on the Council when the economy was going well, and the City had a big budget without the restraint we have now. The mentality was the money is there so let's spend it and then things didn't come in the way they were anticipated to and that is when La Verkin got into some problems.

Kyle does like to budget conservatively. It is much easier to tell someone they have additional money to spend than to tell them they need to cut their budget.

There have been a lot of years the budget relied on the Appropriation of Fund Balance to balance. The last two years we have only taken money out of the Fund when projects have presented themselves, like 180 West, or to purchase crack seal. It's nice to have the ability to decide whether a project is worth doing when the opportunity arises and know financially, we can.

The thing that makes him nervous about using this money for wage increases is that wages continue, and items don't.

Kyle clarified the deadlines for the budget and went over the process of Truth in Taxation again.

There was also a discussion on the certified tax rate. The number in the tentative budget is a guess based on last years amount. The actual amount should come in higher than that.

The tentative budget has a 2% COLA and 2% merit increase factored in for current employees. So, there can be a 4% wage increase without doing Truth in Taxation.

The employee breakdown for public safety includes the new officers in the COLA but a wage increase has already been promised them after they complete their 6-month probation period, so they were not included in the merit increase numbers.

The Directors are under Kyle and that is Derek, Chief and Kevin. Administration is Christy, Lisia and Troylinn. Kyle did not include himself in this wage increase.

Councilwoman Wise mentioned she wanted the Council to think of ways to avoid a tax increase but still add additional money to roads and employee salaries. One of the things she considered was not paying off the old debt, so this information was very helpful. She thinks it is very important to have this discussion, so everyone is aware of where the City stands. It would be nice to not have to raise taxes, but at the same time there is such a stigma anytime taxes are raised that citizens are being robbed. This increase would amount to about \$50 per year, per property owner for an additional \$80,000. Our citizens get a lot back for that small amount of money.

She would like to do more than a 2% cost of living increase and the merit is good, but she thinks people need to know there is a steady amount of money they are getting that is not up to merit. The teams are all underpaid, so she is leaning more toward an across the board salary increase. If that can be done without the Truth in Taxation great, but she does think the wage increases need to be there regardless.

On the roads, she likes the idea of paying off the debt and putting that money into roads but there seems to be so many issues with so many roads, combine that with the irrigation problems and we are still falling way behind. If we had more money now verses a year and a half from now when the City begins to see the revenue from the sales tax increase, we could make some good headway.

She is not suggesting to not have money in savings, she is a big proponent of that, but sometimes things just need to get done and if taxation is the only way to do that then she is in favor of it.

Kyle clarified with Councilwoman Wise some of her points. He also stated his concern with across the board wage increases is that 4% for the higher end of the pay scale is much different than the lower end of the pay scale and that gap just gets wider. Sometimes the merit can benefit the lower pay scale more than a percentage can.

Councilwoman Wise suggested giving every employee the same dollar amount increase.

Councilman Wilson suggested giving a 3% COLA and use the other percent for merit and if the budget could handle an additional percent with the correct tax rate add that to the merit also for a total of 5% without Truth in Taxation. Pay off the debt suggested by Kyle, if the auditor is okay with the numbers, and take that additional revenue and put into the roads.

Chief Lee reported he has been with La Verkin City for 5 years. The average length of a police chief is 3 years so 5 years is a milestone. He has been reflecting on how far the department has come in the last 5 years and a lot of that has to do with the support from the Council. He has had a complete agency turnover in that time and now La Verkin has a chief, a sergeant, 3 patrol officers, a part time detective, 3 part time officers, a full time victim advocate, a part time animal control officer, part time code enforcement and 3 crossing guards. His department has come along way thanks to the support from the Council.

The biggest concern in public safety right now is retention. A close second is how to hire good candidates to fill those spots. That is his focus right now. Along with hiring, he would like to get a support staff member to deal with evidence, records and secretarial duties. They have been eking by with volunteers and a college intern. A lot of the time they could use being proactive is used in doing clerical work.

He would like to hire a part time records clerk. It would be approximately \$20,000 a year with the benefits.

Derek stated he has worked for the City for 20 years and in that time his crew has not grown, the only new hires have been from retirement. He has one guy that has been here over 25 years and another that is coming up on 23 years. He has a crew that loves their job and loves working for La Verkin City. They understand we don't have the financial means that other communities in Washington County has.

Over the years, public works has acquired additional responsibilities but have not increased in manpower. Most of our crew has either as high or higher certification than surrounding communities and get paid less per hour. However, they do understand the dilemma the City Council is in trying to manage the money, make improvements and keep everyone happy.

Councilman Justice stated keeping a crew that is worth keeping is important. We do not want to be a training ground for other departments and cities. He likes Councilman Wilson's suggestion of 3% COLA and 2% merit to reward those people for their loyalty.

Councilman Gubler agrees with Councilwoman Wise that we need to get more money to our employees. One of his responsibilities is public safety and he does sympathize with Chief Lee and agrees he needs support staff. It would make the officers more available to focus on the other aspects of public safety and not just paperwork. He also sympathizes with the fact it is hard to train. When he is training at work it slows him down for a year and is a big investment. Increasing the wages for both departments will help alleviate the headache of trying to retain people.

If you look at the certified tax rate paper, the cities at the top of the list are all similar in not a lot of commercial or high home values to bring in extra tax dollars. We are all stuck trying to provide services to our community without having the revenue generated from having a bigger commercial tax base or larger new homes that are worth more money. He would gladly pay \$1 more per week to get more services. He is in favor of doing everything they've discussed; Truth in Taxation and watching how the service fee controversy in Pleasant Grove turns out and possibly implement a \$4-6 road fee. He would prefer a service fee because it is specific and could be removed at the Council's discretion.

Kyle pointed out there are more than two departments. The administrative department handles a lot so don't forget them. A service fee can be done at any time, it does not have a deadline. Truth and Taxation does require a public hearing, done by the County, if the Council approves an unbalanced budget. If the City Council approves the increase, the County will adjust the certified tax rate accordingly.

Councilman Wilson stated he would like to make the changes discussed without having to do Truth in Taxation.

Kyle thought the 5% total increase for wages could be done without having to do Truth in Taxation.

Councilman Reeve stated he has been on the Council for 7 years and each year this is discussed. It's time to bite the bullet and get the City the funding it needs. The public works department uses equipment that is not safe and we need additional police officers. He agrees with Councilman Gubler.

Kyle asked where the Council would like to see the additional \$80,000 generated by a property tax increase go.

The answer was roads and additional personnel.

The meeting closed at 5:57pm.

June 19, 2019

Date Approved

Richard M. Hirschi
Mayor Richard M. Hirschi

ATTEST:

Christy Ballard
Christy Ballard
City Recorder