

AMERICAN FORK CITY COUNCIL
JUNE 4, 2019
WORK SESSION MINUTES

Members Present:

Bradley J. Frost	Mayor
Kevin Barnes	Council Member
Staci Carroll	Council Member
Rob Shelton	Council Member
Clark Taylor	Council Member
Barbara Christiansen*	Council Member

*participated electronically

Staff Present:

David Bunker	City Administrator
Camden Bird	Admin Analyst
Wendelin Knobloch	Associate Planner
Terilyn Lurker	City Recorder
Aaron Wilson	Engineer
Aaron Brems	Fire Chief
Kyle Maurer	Finance Officer
George Schade	IT Director
Timothy Merrill	Legal Counsel
Darren Falslev	Police Chief
Derric Rykert	Parks and Recreation Director
Scott Sensanbauger	Public Works Director

WORK SESSION

The purpose of City Work Sessions is to prepare the City Council for upcoming agenda items on future City Council Meetings. The Work Session is not an action item meeting. No one attending the meeting should rely on any discussion or any perceived consensus as action or authorization. These come only from the City Council Meeting.

The American Fork City Council met in a work session on Tuesday, June 4, 2019, in the City Administration Office Conference Room, located at 51 East Main Street, commencing at 4:00 p.m.

1. Discussion on the city's general insurance coverage.

Darrell Child explained that he wished to take some time to explain what was in the City's Insurance program and the general insurance market. He added that, presently, one key component of the city's insurance was the property insurance program. This program, he continued, included all the buildings as well as what went in the buildings. He explained that he had seen some changes in the insurance market which could impact the city. In the liability insurance, he went on, there were several different key areas. Dealing with municipal risks, he added, had become a very specialized business. Darrell Child explained that the different aspects of the City's needs, which he listed, were separated. He continued that one emerging aspect of insurance was cyber liability, which had been enveloped into the City's insurance program a few years ago. The City, he continued, had been very progressive in how it addressed the limits of insurance. He pointed to

the bottom of his handout, explaining that this represented the various liabilities lines of coverage. He added that there were several excess liability lines which extended the limits. Darrell Child stated that the City had a \$16M limit on any one specific area by extension of the excess liability areas. He explained that the City had been progressive in setting its limits and added that six or seven years prior, the limit had been increased. He continued by stating that American Fork was one of the first to do so, and this practice had now become the gold standard. The liabilities rising against local government, he continued, tended to be complex, and the excess liability areas could be costly, particularly when dealing with fatalities or long-term disabilities. He explained that he wanted to discuss how the coverage applied to elected officials and mentioned that there was a specific coverage grant in the policy that covered what elected officials did. He continued that it was defined by actual or alleged wrongful acts. Darrell Child explained that quite often, allegations were made against city officials in the performance of their duties which might not be meritorious but still required to be investigated. While the lawsuits might not have merit, they still could cost funds to be settled. Darrell Child continued that crime insurance included the types of things that could happen if individuals stole (such as employees stealing) or committed computer/wire fraud. These areas, he emphasized, had seen an increase in local government. He added that embedded within this insurance was specific coverage to meet the requirements for treasurers. He explained that state money management required the treasurers to have their own special treatment with a percentage of the budget currently held at \$1.5M.

Darrell Child continued by pointing to the excess liability, which had already been discussed, was an impact area. He added not seeing frequency in that kind of liability but rather severity. He explained these were categorized as big and unusual claim events which rarely happened but when they did happen broke through and cost significant amounts of money. He continued that the underlying assumption with insurance was to be progressive. The different kind of coverages in the folio, he added, was different from what it was even two years prior. He explained that the risks were emergent and were constantly changing. He explained that what the City was doing was also changing but that the risks were being applied against local government are different. He added that societal changes were responsible, as was case law that came into the overall management and understanding of how to set up insurance.

Darrell Child stated he wished to speak of the overall marketplace. He explained that, on the handout he had provided, that any trend pointing upward was negative: it meant that the insurance industry had been hit with major loss events that drew out the resources of the industry as a whole. Anytime there was a major draw down of capital, he continued, it impacted the way insurance companies set their reserves and their rates. He pointed out that the past four years had been money losing years for the industry due to the many natural disasters that have happened. He continued that the good news was that the industry was well into the insurance planning of local governments. He explained that, for the most part, there was moderate upward rating pressure in the 5% to 10% rate and he believed the city's insurance would not go above 5% to 10%. Because a lot of positive things were being done in the City, he did not think there would be large upward adjustments.

The Council expressed appreciation to Mr. Child for all that he did for the City.

2. Discussion on the Concession/Score Keeper Building at Art Dye Park.

City Administrator David Bunker explained that there were plans he wished the Council to look at. He added that at the end of 2018, a set of plans had been put out to bid for the Art Dye Complex., noting the shape was that of a pentagon with an upper structure and had an overhang. The actual field and structure, construction had come in at \$4.19M, with the cost of the building being

\$698,000.00. He continued that the Council had awarded the construction of the fields, but not that of the building. He mentioned that there were inconsistencies with the bid, therefore it had been rejected. The new company which had bid for the contract, he went on, was named JLR and bid the project at \$3.359M for the ball fields. When the City went to bid for the structure, it had been for a rectangular structure which did not have a score keeper tower. He added that the structure had concession stands, however.

The layout of the bathrooms, Mr. Bunker continued, was superior to the prior iteration as was the utilization of other space. He added that the Staff had been worried about the first structure not being large enough to store the necessary equipment for the maintenance of the complex. That structure had come in at \$373,564 which was significantly less than the first bid had been. Mr. Bunker explained that the rebid of both the fields and the structure had reduced the total bid price by \$459,909. The issue was the building did not have a score keeper tower. He continued that there would be bleachers on each side of the field which would have a canopy on them which could obstruct the view from the tower. The goal, he continued, was to construct a score keeper box behind the back stops at about \$20,000 per box. He added that the boxes would have power, access to the internet, and control the score boards out in the field. He continued that one would be needed on each side of the field, or a total five boxes. In looking at the options, he added, the Staff had gone back to the architect to explore different possibilities to present to the Council. He added that if the Council wanted to have a tower on the building, the architects were asked to prepare plans and an estimate for a second story.

Council Member Carroll asked whether the first building had the same footprint as the one-story building. Mr. Bunker explained that one building was a pentagon shape but that the rectangular one had a larger square footage. He added that the bathrooms were along one wall. Pointing to the handout, he showed the lower floor, which was 1800 square feet. He also showed the concession stand. This area, he continued, was better laid out as it did not have the strange angles caused by the pentagon shape. He continued that the bathrooms were grouped on one side. The large storage area was important to the maintenance of the field.

Mr. Bunker explained that the architect had been asked how to add a score keeper tower onto the existing structure and the architect came up with the design being presented to the Council. He went on to say that the rough estimate would be around \$130 per square foot and added that the City was planning to cover about 1000 square feet which would amount to \$130,000.00. He continued that more design was needed to put the project together. He continued that some contingencies had to be allowed for heating and air conditioning, which might bring the total to \$150,000. He further explained that while it was more than initially planned, the total was in the ballpark. Looking at the windows with the squares, he added there was no perfect alignment with the five fields. He explained that some of the windows would not be looking at the field but rather be angled, but it might suffice for the score keepers. Council Member Carroll asked what the score keepers needed to see. She was told that they had to see everything taking place on the field, possibly with the aid of binoculars. Council Member Taylor went on to say that scorekeepers needed a place of refuge where people could not access them to ask questions or make comments on the game. Moreover, he added, if there was an emergency in the park, they needed to be able to call 911 or get Staff to assist. He continued that scorekeepers were like supervisors, watching the game take place. He added expecting dissenting votes and not minding the pentagon shape as he liked the improved space with the eating and award area. He explained that with that shape, there was still full visibility for the scorekeepers.

Council Member Carroll asked what the sight distances were in comparison to other ball fields. Mr. Bunker explain that the distances would be like what they were before as the tower would be approximately in the same location. A normal distance from field to tower, he added, ranged between 60 feet and 87 feet with the standard being around 60 feet. Council Member Taylor provided some examples from Vineyard, which had a distanced between 48 and 78 feet.

Council Member Shelton stated that he hoped the sprinkling system at the ball fields was also being redone to move all the sprinkler boxes. He explained that Orem had three softball complexes and city staff want to remove the metal sheds at one of the complexes as they were hard to control the temperature in, nor did they like the boxes on stilts. The problem, he explained, was that it was difficult to find entry level employees to do the score keeping who were willing to be that close to the ground. They had an easier time getting employees at the Lakeside ballparks as they seemed happier and had a better time controlling air conditioning. Council Member Shelton explained that he had noticed that employees at Lakeside did a good job telling children to not climb on trees, electrical boxes, etc., via a speaker system. He suggested that the conduit could at least be put in to give the City a chance to add such a system in the future. He added that while walkie talkies were a possible option, speaker boxes were preferable as they also provided an opportunity to communicate with the whole field. Orem Staff indicated to Council Member Shelton that the city would be foolish to build anything but a two-story score tower. Council Member Shelton explained that the building might be a good compromise. He continued that he felt the first bid had been inflated because of the markups. He explained that this opportunity was a one-time opportunity and a 30-year commitment. Once the concrete cinder block was laid, he continued, it would be difficult to alter. Therefore, he added, it was important to make the most out of the \$3.3M and get exactly what the City needed.

Mr. Bunker explained that before the Council was a spreadsheet where the Staff had tried to reconcile all the costs associated with the project. He explained that the bond had been issued for \$3.3M. He continued that other costs had been incurred, including demolition, construction management, and engineering which were outside of JLR's costs. He mentioned that an added cost had been the pickle ball courts which were used very regularly. All costs considered, the City was at about \$5.9 M. without the second story. He added that the Council could choose to add the second story. Mr. Bunker pointed out that some PARC Tax money, General Fund money, the bond which was backed by the Park Tax funds, a grant and impact fees were used to come up with the \$5.376 M approved so far. They will be short and need to come up with another funding source for about \$614,000. If adding more to the park, he explained, the changes would be added to the \$614,000 needed. Finance Officer Kyle Maurer explained that an Impact Fee Fund had about \$2.2 M, but that does not include anything beyond what the Council had already approved. Mr. Bunker explained that the City had the fund balance and that using that funding to cover the deficit would be the Council's decision.

Council Member Barnes asked if the first PARC fund received was the \$656,000. Mr. Bunker explained that the \$656,000 represented the first two years the City collected funding for the project. Those funds had been used for the pickle ball courts and the initial design.

Council Member Carroll commented that the bond was being backed at \$3 million by the PARC Tax fees and added that the PARC tax ended about two years before the bond was paid off. She added being unsure whether the City could achieve the \$3 M with the number of years left for the park tax and at the current rate. Financial Maurer Kyle stated if the tax weren't renewed the City would have to find additional funding to cover that.

Council Member Barnes asked how much of the \$656,000 had already been spent. Finance Officer Maurer explained that the sum had almost been entirely spent. Council Member Barnes explained that this was confusing for him as he was showing that this amount as a source of funds. Council Member Shelton stated that he would have liked to see the two options without all the extra projects so he could see how close to the original approval the City was. He continued that the pickle ball courts had not initially been part of that amount and added that the Council had originally budgeted \$4 M for the project. Council Member Shelton explained that when the bond had been approved, it had included a project scope. He wanted to know what the bond had been spent on so far. He added three phrases had been planned and wanted to see where each item was at. He explained that he wanted to make sure the Council was not over budgeting and checking whether some things needed to be pulled back. He mentioned that a cinderblock structure was the least item he wished to have pulled back as there were things that could not be adapted or changed later. He continued that the shade structures for example could be added later and that having the second story square was his preferred option. Council Member Shelton asked whether the project could be completed within the allotted funds.

Council Member Carroll stated that it made sense to have a two-story building, particularly since this seemed to be the gold standard. She explained it might be important to spend more in order to achieve this. She continued that the pentagon structure was more visually appealing. She asked whether the City might be able to get a different bid on that structure, as it appeared that the initial bid had been inflated. Mr. Bunker explained that the contract had already been awarded to JLR for the first floor. He continued that it would be possible for the contractor to go up another story. They have not received the Notice to Proceed, but they have completed everything else in order to start on the project.

Council Member Shelton stated that he wished the bidding had gone differently. He explained that he would be amenable to delaying another season to make sure the project was done correctly. He explained that this project needed to have the full impact that American Fork truly needed and wanted. He mentioned feeling sorry for JRL, as it seemed the company had been very patient, but stated that the City was spending a lot and would rather take its time to get what the city wanted out of the project.

Council Member Taylor explained that the hexagon was aesthetically more appealing but the layout was terrible when it came to storage and bathrooms. He added that Discovery Park had small restrooms with a small room for the chalk machines. He continued preferring the second layout because it offered the large and easily accessible storage space as well as a large awning. He continued the crow's nest worked well without the hex and commented that the project looked purposeful. He added that the Council could talk to individuals in Payson, Pleasant Grove and Orem to ask about certain options for equipment rooms and such. Council Member Shelton added that this might be a positive thing to do to ensure that the best decisions were made. Council Member Taylor explained that a square structure had been built off the hexagon building in Orem where the soccer field was. He continued that this particular park was a premium one for soccer and soft ball. Council Member Taylor explained that the park looked intentional.

Recreations Director Rykert explained that the functionality of the second option would be superior as the storage would be better. He continued attending games at other fields to see how things functioned and having noticed that even with a pentagon, there were strange angles. He continued that the score keeper would still be able to see what they needed. While the angle might

not be perfect, it would not entirely impair visibility. Council Member Carroll asked about the window placement and was told that the windows would be at the corners.

Council Member Christiansen asked whether more visibility could be achieved with the rectangular building simply by using a different window configuration. Council Member Shelton explained that he liked the idea of possibly having a different design of windows to allow for this visibility. He explained that he would be disappointed if after building the structure, the visibility was so low that it required other booths to be built.

Mr. Bunker explained that the Council could not, from the plan, see the elevation of the building, nor could they see where the windows were in relationship to the field. He stated that the next step would be to have architects come back and show exactly how the windows would be placed in relationship to the field. Council Member Shelton pointed that one option would be to have the architect show the cost difference between the different options: single level v. pentagon shape. Mr. Bunker explained that JLR could be provided with the plans for the pentagon shaped and could give the Council a price for that project. Aaron Wilson, Engineer, stated that he had gotten such an estimate from JLR at \$697,000 for the pentagon shape, a price that was like the first bid received. Council Member Carroll stated that the rectangle building was the most functional. Council Member Taylor agreed with Council Member Shelton that conduits needed to be ready for cameras and such as he knew this would someday be needed.

Council Member Shelton asked about the last IFP for the park and was told the last IFP had been done in 2017.

Mayor Frost stated that the City was looking at \$150,000.00 for a two-story building or \$100,000.00 for five individual score boxes at each field.

Council Member Shelton stated that JLR could give the City a bid for the second design and Mr. Bunker indicated he would take this plan to them and ask for a rough estimate. Council Member Shelton explained that he was concerned that architects' estimates were too low. Mr. Bunker stated that he would get the architect to further develop the plan, which would then be taken to JLR. Council Member Carroll asked whether the building could have more windows while remaining structurally sound and she was told it was a possibility however they would want to be able to secure the building over the winter.

Mayor Frost asked that there was a consensus on the rectangular building. Council Member Shelton reiterated that he wanted to be able to compare both bids from JLR. Mr. Wilson noted that there was bid from JLR on the pentagon building for \$697,000. Council Member Barnes pointed that with a similar square footage, any time an angle was added the price would rise.

Mr. Wilson stated that the issue of air conditioning had not been brought up. He wanted to make sure all the options were considered so a decision could be made. Mr. Bunker stated that he would prefer to see the same unit as had been in the rectangle building: a unit that could both cool and heat. Council Member Shelton asked if a second unit could be added to the bid, which could save money in the long run. It was noted that there was no climate control unit in the pentagon's structure at the bottom level because the bathrooms and the doors would be open quite a bit. Council Member Shelton asked whether this would cause issues with pipes freezing. It was noted that the pipes would have to be drained during the winter.

3. Review of FY2020 Budget Book and Budget Wrap

Finance Officer Kyle Maurer explained he would go over the budget book and discuss some highlights along with a brief overview. He also wanted to go over property tax. While the budget didn't have to be approved until the last day of June 2019, the date to have property tax settled was still June 22, 2019. He continued that the tax rate should be ready for the June 11, 2019, Council meeting.

Finance Officer Maurer added this was a brief overview of the budget books. Included in the budget book was a letter from the City Administrator and the philosophy of the budget with the strategic goals which had been chosen to guide the budget. He explained that the community profile had stayed the same with updated numbers. He pointed that the budget process was also the same as the year prior, with a timeline of the budget included. This also includes a full-time equivalent (FTE) summary with each department having its own FTE chart with details of positions. He stated that the financial structure was staying the same. He pointed that he had taken all the major funding sources and did a five-year historical chart of where these revenues were coming from and how they were being forecasted. He mentioned that there were a lot of important details on revenue sources. The financial policies, he continued, had not changed since the year prior outside of the updated fund balance polity; since he was unsure about whether this would pass he had left it out. Mr. Maurer pointed to page 56, which had a lot of details on the City's debt capacity for general obligation bond, the outstanding debt for each debt type, and interest rates.

Mr. Maurer mentioned that page 69 had a list of projects that were either partially funded or not funded. As these did not show on the CIP list, they would be listed on page 69. Council Member Carroll thanked Mr. Maurer for this addition.

Mr. Maurer explained that he was trying to better estimate the effects on the operating costs for capital projects. He added that, for example, a new vehicle would increase the operating cost with maintenance and fuel. While his list was not exhaustive, it was a good start.

Mr. Maurer mentioned that on page 72 there was a list of Government funds balances as well as an overall revenue and expenditure summary. The rest of the book was the rest of the individual department budgets. For each budget, he went on, there was a description of what the department was and included accomplishments for the year, goals, and operating indicators. This gave the Council an idea of the departments workload and what they did. After the department budget, there were line items that were like what was in the accounting system. He indicated he did add notes next to any significant change. He further added that he had included a staffing charts where any significant changes were listed.

Mr. Maurer explained he was open to suggestion to better the budget. He noted there were strict guidelines for what went in the CAFR report, but this budget book was not as stringent. Council Member Taylor asked if a new budget would be provided. Finance Officer Maurer answered it would be; the major budget amendments would change the estimates for 2020 and therefore affect the difference. Finance Officer Maurer pointed that once the final budget was obtained, the changes would be added. Council Member Taylor explained that this budget had been presented in the best way possible: it was clear and was easy to understand.

Council Member Shelton asked where the City was on its fiscal plan and when it would come back. Mr. Maurer explained that the numbers were still being put together and staff wished to look

at these numbers and make suggestions. He continued that the numbers would not be back in time for the current budget season.

Council Member Shelton stated that he wished to include some things in the budget. He mentioned playground equipment replacement, which he would love to see come out of PARC Tax funds rather than General fund. He explained this would be a good use of the funds and could show the community where their funds were going. Council Member Taylor explained that while he liked the idea, the population would expect the equipment whether the PARC Tax was passed or not. He explained that in the past few years, the City had the luxury of having bathrooms added but that the issue was that people now expected improvements. Council Member Shelton responded that this was why this needed to be shown to the public in the budget.

Council Member Shelton stated that, looking at the annual road plan, \$3M were needed to fund the road plan and that the City was only at \$2.7M. He explained that if this was the most important concern of the residents, the number needed to be increased somehow. He continued that a lot of it was coming from the General Fund and he did not think the road plan had ever been funded. Mr. Maurer indicated the first two years were fully funded, but due to increased construction costs all the projects had not been completed. Council Member Shelton stated the city was behind on this road plan. He continued that the road plan had to be updated, though it might hard to go to the public and pull back on promises. He added that though it might be good transparency, the City had to fulfill its obligations. Council Member Shelton commented that with the increase in revenues, there was the increase in staffing. He explained that the City was competing with increases in staffing levels and the road pan. He continued that the City had an added 8% increase in revenue. Mr. Maurer explained that a lot of that 8% had been dedicated to Cedar Hills and Cedar Hills transports. Council Member Shelton commented that Police and Fire Departments should not be the ones suffering from cost cuts but added that the questions had to be addressed in the budget as the City was falling behind. He continued that the City might already have hit a critical mass on roads needing repair, creating sticker shock for the taxpayer. He continued that this might require raising road utility fees or taxes so much that it would be unpalatable for the citizens.

Council Member Carroll stated that \$685,000.00 coming from sales tax as a fourth quarter cent was a large amount of money. She continued that when talking to legislators, the Council had to keep that in mind. She continued that it was more than the estimate given when the tax was passed. Council Member Shelton added that this had been a great addition. He continued that there had been a \$700,000.00 windfall for roads. He further mentioned that he had hoped this would have helped the City meet its funding mechanism.

Mr. Maurer stated that the City had been using fund balance to bridge the gap. Council Member Shelton asked where he could see these funds coming out. He explained that the City did not like using these funds but that it was in a position where it had to. He asked whether it might be possible to in the Fund Policy what was wanted while still being able to appropriate some of these funds. Finance Officer Maurer stated it was too early to estimate what the surplus would be as the tax revenues were too far behind. He continued that that the City had a little over a million for general capital projects.

Council Member Shelton stated that he had seen the staffing levels go up for the library. Mr. Maurer explained there had been increases in hours to create different programs and an extra part-time page to increase the books turn around. Council Member Shelton pointed that he believed

the Library had stated they would not increase programming when PARC Tax had been discussed, but rather increase the facility. However, he continued, he could see in the budget that programming had been increased. Mr. Bird explained that the Library was trying to increase children's programming, which took place six months to eight months out of the year. Council Member Shelton explained that he believed the Library did a wonderful job, but continued that tough decisions had to be made in terms of where the funds were best spent. His worry, he continued, was that by increasing the programming for the Library, there would be increased demands on the General Fund which was already too tight to meet some of the critical needs of the community. He mentioned that a property tax increase might be warranted. Mr. Maurer pointed to the page where the staffing increase was listed.

Council Member Christiansen stated that if the new area was placed in the Library, there would be more opportunities to rent out the community room which would then bring more revenue.

Council Member Taylor asked if Council Member Shelton was asking for a property tax increase and if that was the direction they wanted to go he questioned if this conversation had to be resolved during the present meeting. Council Member Shelton stated that the Council needed to ask itself whether the way things were was acceptable. He continued that the City needed to choose what its priorities. He continued that it had been years since the Council had discussed property taxes to keep up with inflation. He explained that the Council had yet to decide to resolve these issues. He added that there might be other things in the budget that could be cut in order to move the funds around. Council Member Carroll asked if Council Member Shelton wanted to cut programming. Council Member Shelton explained that this was one possibility; he did not want to cut critical services or water services. He continued that the Library and Fitness Center were considered quality of life but were part of the general fund. He mentioned that Public Safety was fighting for the same funds.

Mr. Bird stated that the burden of the decision was with the Council. He added that when it came to the Library, the number of hours added were minimal in comparison to the value added to the community. He explained that cutting these funds would not add much to the budget.

Council Member Shelton asked how much would be generated by raising property taxes by 1%. Finance Officer Maurer explained that he would have to calculate this. Council Member Shelton stated that the last time property taxes were raised was in 2007 and that increase had provided an extra \$500,000 to put in the road program. He continued that the Council and Staff had been very disciplined to make sure that the City stayed within its budget and added it might be time to raise taxes, though he was not usually a supporter of such measure. He mentioned that the City needed to address its problems.

Mayor Frost explained that during the budget retreat, the Council always knew that this issue would exist. He asked whether the Council was ready to reach a consensus to give Staff direction about taxes. He continued that he felt frustrated as well. Council Member Shelton stated that the City had done a lot to save funds, but at some point they have to decide if they cut programming or raise revenues.

Council Member Taylor explained that he had not known any time when the situation was different. He explained that the situation had been the same 1997 and 1998; the issues were the same. He continued that the Council had done a great job and had been aggressively saving, paying bonds off early, etc. He wished he could say that an increase in property tax would make such a

difference that the road plan could be followed. He continued that they had done a lot with what they had.

Council Member Shelton commented that raising taxes to keep up with inflation could have added up over time. He added that the City was fighting the growth and inflation pressures of every department with yesterday's dollars in today's prices. He explained this was the fundamental problem. He added that sales taxes had been more substantial but that it had also been sometimes uneven. He stated he did not feel comfortable going another year without a financial plan in place. Council Member Taylor stated that he was not confident the City would be in a better position the following year by virtue of having raised its taxes. He added hearing a lot of people complaining because citizens of nearby cities paid less in property taxes than the residents of American Fork did. He continued that they would hear property taxes were rather high in the City, as were utilities.

Council Member Shelton explained that the Highland Mayor had compared the different cities and had revealed that American Fork was high. He continued that it was the City's fault that it was the case and continued that the secondary water was responsible and was the millstone. He explained that the choice had been a bad one. Each resident had to hold themselves responsible for the choice as well. He continued that other communities had had better foresight and had spent less. He mentioned that other communities had already addressed their road issues while American Fork was still dealing with their secondary water issues.

Mayor Frost explained that if the City added up three years of what it spent on roads; it would be clear that the spending would be higher than anything that had been spent by American Fork before. Mr. Maurer stated that the amount was about \$4.59 M.

Council Member Shelton added he became concerned when seeing the life cycle of a road as the City was on the cusp of freefalling. Council Member Carroll stated that the City was investing \$2.7 in roads and asked whether this amount would suffice to maintain the RSL or if it was decreasing. Public Works Director Scott Sensenbaurer stated that overall it might be, but it was difficult for him to fully answer that question. He explained that some big projects had been successfully completed but that a lot of maintenance needed to be done. He apologized for not fully answering the question asked of him but continued that the situation might not be as bad as it appeared since the City had already invested a lot.

Council Member Shelton explained that, initially, maintaining the RSL level required \$3M to be spent. He explained that over the last three years, the City should be at \$9M. He was glad that engineers were looking at the situation to confirm the City was in a good position, but he worried that the City might be going backwards, as it had spent close to \$6M rather than \$9M.

City Administrator Bunker clarified that the ten-year road plan took the RSL from 8 to over 12. He added that though the City might be missing the target by \$200,000, they may not be advancing but not falling behind. He felt they were moving forward but not as fast as they like. He explained that the Staff was trying to mix rehabilitating roads that were in bad shape and maintaining some that were in a better state. He added that the plan was strategic but by not funding the road plan fully their goal would not be fully achieved.

Council Member Shelton stated that taking fifteen to twenty years in order to complete the plan, with inflationary cost at about 2% per year, would require to increase the road plan every year. He added that if the City had not had the extra \$600,000.00 this year from the fourth quarter cent sales

tax, they would have been in a poor situation. He continued that the City had to find the extra \$200,000, keeping in mind that with inflation that amount will needed to be adjusted for the increase cost of construction. He continued that he did not think property taxes were the best way to fund roads, but that it might be the only option right now. He explained that the City had waited a long time to see the financial direction of the market but could no longer wait. He added that the General Fund money created with property taxes could be used for utilities or public safety. Therefore, he explained wishing to see what an extra 2% to 3% would do to the average homeowner, and how it would help the City meet the road plan.

Council Member Taylor asked when the tax rate have ever been lowered. Council Member Shelton stated that each time a bond was paid off, taxes were lowered. Mr. Maurer explained that previously they had only requested \$245,000.00 in GO Bond Property Tax, however this year they were requesting \$395,000. The proposal, he continued, was to request the whole amount of GO Bond Debt, which was at \$784,000.00. That amount being used from the General Fund to make GO Bond payments would be moved to the road plan, in the amount of \$389,000.00. He further explained that this was in the budget was this proposal.

Mr. Maurer stated that they do not have the 2019 tax rate numbers and the County Assessor had asked for a fourteen-day extension, pushing the time when tax rate numbers would become available. He added that the County Auditor was not sure he would have the rate calculated for the following Council meeting. In the past, he added, similar cases were handled by doing a resolution stating that the Council would accept the certified tax rate. Looking at the 2018 numbers, he explained that the extra increase would raise the overall rate by 9.8%. He concluded that instead of requesting \$395,000.00 for the GO Bond, the City would request \$784,125.00.

Council Member Shelton asked whether the Council should wait for the five-year plan. He stated he has talked to many people about the wisdom of keeping up with inflation. Council Member Taylor stated that in the late 1990s, the same issue had occurred, and they had a property tax increase afterwards. Council Member Taylor asked whether an increase would make the City more austere and scrupulous about where it spent money and brought contract services; it was not guaranteed that the funds would go into the road. Council Member Shelton stated that the Council needed to know how to exit this difficult cycle the City was in. Council Member Carroll added that governmental budgeting was a process where priorities had to be set. Council Member Shelton added that eventually the City might have the same issues as cities such Payson and Tooele, which had had 100% property tax increases. Council Member Carroll explained that bringing in more funds was not always the best solution, as sometimes cuts needed to be made. Council Member Shelton explained that he has been involved in the city budgets for eight years, and he did not feel roads had been adequately addressed. He continued that the survey showed that 70% citizens wanted to see their roads addressed.

Mayor Frost left the meeting.

Council Member Taylor stated that he did not believe the City had fallen that far behind on their roads. He continued that the Council needed a work session on this topic alone. He mentioned that the City had a tremendous asset in the fiber but that it also was a financial millstone, along with pressurized irrigation. He continued that the City had voted for it, but that it might now not be what the City wanted.

4. Review of Proposed FY2019 Budget Amendments

Mr. Maurer explained that most of the amendments fell into a couple of categories. He added that budget amendments were done for special events, such as when the Police and Fire departments worked overtime. He added that while events could increase revenue, they also increased expenses as they required more Public Safety work.

Mr. Maurer stated that there had been an increase in ambulance fees of \$183,000.00. He continued that the Fire Chief could attest that transports had gone through a significant increase. Those increases would pay for the truck would be part of the Cedar Hills contract and continued that ambulance fees would be used to cover the contract. He continued that \$100,000.00 was also set aside to cover litigation and added that the City had already spent \$56,000.00. The renewed amount was meant to allow the City to get through the year without a State budgetary compliance issue. Because of the increase, he continued, there had been a raise in billing fees paid to the ambulance billing provider. He stated that on the development and inspection side, the cost was covering the inspectors contracted by the City and that the hired inspector was paid with these fees. He continued that there had been small increases for park fees received as well.

Mr. Maurer explained that there was an increase of \$25,000.00 for Information and Technology. He mentioned that these were reallocations to cover the upgraded Elements. He explained that this fee covered the request tracking and continued that this was part of the upgrades Public Works was working on. F

Mr. Maurer continued that most of the Police increases dealt with overtime reimbursement as well as grants. Council Member Carroll congratulated the department for taking advantage of grants. Mr. Maurer added that Fire and Ambulances had also received some wild land reimbursement to compensate crews who had worked on wild land during the summer.

Mr. Maurer explained that most of the engineering budget had to do with the development inspections. He continued that when it came to streets and streetlights, the needed capital was in part covered by what the developers paid. The amount he continued, had been put in a liability account to allow later disbursement. He mentioned that accounting rules dictated how these funds could be used and expensed; the \$350,000 was an estimate but added that the City should be close to that amount.

Mr. Maurer explained that the Fitness Center had looked at what they would be receiving in revenues and requiring in expenses. He added that having done these calculations, the Fitness Center required about \$19,000.00 for revenue and operations.

Mr. Maurer added that the downtown redevelopment at \$41,000.00 was coming out of the Fund Balance. Council Member Shelton pointed out there was a line item of \$100,000 and asked if it had been placed in the fund balance. Mr. Maurer explained that the amount was in its own fund.

Mr. Maurer discussed the rules of the PARC Tax Funds. He added they had been awarded in May 2019 and would likely be disbursed shortly after the year. He continued that those needed to be recognized as awards as a note to meet contingencies.

Mr. Maurer continued by mentioning the Meadows Fund. He explained that the City had clarified a development agreement and the City had had to use \$60,000.00 of fund balance to meet the

agreements. He added that the major one was complete, and that the remaining amount would be small.

Mr. Maurer brought up the bond on capital projects. He explained that the \$84,000 showing in the budget was interest income received since the bond issue. In the General Capital projects, the major thing was to allocate the PARC Tax grants. Capital equipment had had an unscheduled front-end loader repair which required an adjustment.

Mr. Maurer continued that there was \$1.6 M for the Park Impact to cover what had already been approved for the Art Dye Project. He added that the sum would cover the two construction contracts as well as some purchase requests for score boards and other miscellaneous items.

Mr. Maurer discussed the Road Impact Fee and added the agreement had already been approved by the Council. When it came to Culinary Water, many damaged meters had been replaced and new ones placed where needed. He explained that interest earnings were used to cover these expenses. The Impact Fee from Culinary Water was a developer reimbursement that the Council had already approved. He continued that the situation was the same with secondary irrigation.

Mr. Maurer explained that the police had had an increase in fuel costs. He stated that there were several items on Fleet Capital and explained that a budget had to be recognized for the Cedar Hills approval. Mr. Maurer continued that the Staff was not entirely sure when the ambulance would be ready. He explained that if delivery were to be accepted before July 1, 2019, the expense would have to be recognized in that year. As a stop gap, he continued, he would have to request an interfund loan which was likely to come from capital projects. He added this strategy would allow the City to stay within State Budgetary Compliance.

Mr. Maurer explained that the RDA funds had matched what the City received from the County in tax increment to the expense. In the East Side, they still owed some money for the 3rd East improvements. Mr. Maurer continued that the Egg Farm had had a purchase order issued for the design work of the 860 East reconstruction; this was in addition of what was in the budget for 2020. In the patriot station, the CRA was to cover the TOD re-write as well as the payment to Lewis Young. Going forward, once the CRA was created and there would be a firm number on what the starting costs will be and another interfund loan would be required to formalize that. He added that the Staff was amenable to leaving a momentary deficit balance. He concluded that the deficit would be at more than \$70,000 and explained that the other RDA funds were covering it.

5. Adjournment

The work session adjourned at 6:00 p.m.



Terilyn Lurker, City Recorder