

**MINUTES OF A VINEYARD
CITY COUNCIL WORK SESSION**

City Council Chambers
125 South Main Street, Vineyard, Utah
September 25, 2019 at 4:00 PM

Present

Mayor Julie Fullmer
Councilmember John Earnest
Councilmember Tyce Flake
Councilmember Nate Riley – arrived at 4:16 PM

Absent

Councilmember Chris Judd

Staff Present: City Manager/Finance Director Jacob McHargue, Assistant Finance Director/Treasurer Mariah Hill, Public Works Director/City Engineer Don Overson, Assistant City Engineer Chris Wilson, Community Development Director Morgan Brim, City Planner Elizabeth Hart, Sergeant Holden Rockwell with the Utah County Sheriff's Office, Building Official George Reid, Water/Parks Manager Sullivan Love, Deputy Recorder Kelly Kloepfer

Others Speaking: Laura Lewis, David Robertson, and Cody Hill with Lewis Young Robertson & Burningham

Mr. McHargue began the meeting at 4:05 PM by instructing staff and Council about the live streaming which would start with that night's City Council meeting, and by having everyone introduce themselves.

1. PRESENTATION AND DISCUSSION

Lewis Young Robertson & Burningham (Lewis Young) will make a presentation and lead a discussion about Level of Service for the city.

Mr. McHargue turned the time over to Laura Lewis with Lewis Young Robertson & Burningham.

Ms. Lewis explained that after the economic collapse of 2008, bond investors and rating agencies started caring a lot more about if a city could weather a financial storm. They now wanted to see not just the next year's budget, but also that the city was planning ahead. Ms. Lewis explained that the Comprehensive Financial Sustainability Plan (CFSP) was a good financial practice and a tool to plan the budget.

Cody Hill with Lewis Young Robertson & Burningham further explained that one of the benefits of the CFSP was that it could help a city council see how their decisions would impact the budget.

Ms. Lewis explained that the CFSP would be a 20-year plan, with things being more realistic within a five-year window. The CFSP was meant to be updated on an ongoing basis.

Mr. Hill presented a sample CFSP and explained that it was highly detailed so that a city could examine how specific policy decisions would impact the budget.

Ms. Lewis emphasized how one of the key strengths of this model was that it allowed cities to be interactive and thereby discover future costs.

Ms. Lewis said that some of the challenges were getting elected officials on the same page as to what the most important things were, and determining how to measure the level of service.

Mr. Hill addressed the impact of the Redevelopment Agency (RDA) on the General Fund, and gave a case study of the Megaplex theater to illustrate the RDA's impact on the distribution of the property tax revenue paid by that business.

Mr. McHargue indicated that the important thing for this discussion was that in the case of the Megaplex's property tax revenue, without the RDA the city would receive \$50,388 and with the RDA it would only receive \$12,597. He emphasized that while the RDA was a valuable tool because it provided the funding mechanism for the infrastructure and cleanup, it did have a drastic impact on funding for the city.

Ms. Lewis stated that the city needed to have a plan in place to address property tax increases. Because 60% of the city was in the RDA, if the city raised property taxes, the city would only get 40% of the benefit. She further explained that there had been a state law (USC 17C-1-407) which said that if taxing entities under an RDA raised the property tax, then they got to keep the whole amount of that raise and did not have to share it with the RDA. In 2018 the Utah State Legislature passed Senate Bill 77, which removed that rule. She recommended that since Vineyard had the largest portion of their city's taxable value within the RDA of anyone in the state, it would be worth exploring a carveout through the legislature.

David Robertson with Lewis Young Robertson & Burningham addressed utility funds and their relation to the General Fund. He emphasized the need to isolate utilities such as water and sewer, because it was good accounting but also because if they wanted to issue bonds for the utilities, they could track costs and revenue.

Ms. Lewis detailed how property taxes affected cities' buying power. She explained that most often, citizens believed that if their property value went up, then property tax revenue would go up. But this was not how it worked in Utah because of the revenue neutrality mandated by state law. She explained that when the value of existing homes went up, then the property tax rate went down so that it would be revenue neutral. Therefore, if a city did not actively seek to maintain their property tax rate, they were losing buying power since they would be receiving the same amount of revenue year after year even though their costs were rising. She gave examples of Utah cities – some that had and some that had not maintained their property tax rates.

Ms. Lewis explained that the four primary sources of revenue were: property taxes, sales taxes, franchise fees, and building and development fees. She said that cities had the most control over property taxes. She explained that cities were the most financially stable when they maintained a balanced revenue mix, without depending too heavily on one or two of those sources.

Ms. Lewis said that when a city was looking at raising property taxes, it was important to educate constituents as to how much of that was the city portion and therefore how much of it would actually be increasing. A discussion followed.

Mr. McHargue discussed the Recreation, Arts, and Parks (RAP) Tax proposal that was on the November 5 ballot and referenced the Voter Information Pamphlet.

Ms. Hill explained that the General Fund had been paying for most of the building maintenance and fleet maintenance. Staff decided to create an internal service fund so that the General Fund was not paying for all of it by default.

There was a discussion about notifying the public about distributing costs to the utility funds.

Ms. Lewis addressed the budget and prioritizing unfunded needs. She said that the CFSP only worked well if the city council gave them input on the priorities and timelines for capital needs. She gave the example of South Jordan and how they identified that 75-78% of the total budget was spent on salaries and compensation. She was aware that the city council was planning on doing a compensation study, and encouraged them to consider where they wanted to fall in the salary ranges. With the strong job market, if a city was at the lower end of the ranges, they would tend to have lot of turnover, which was expensive. She emphasized that compensation had a huge impact on the long-term plan.

Ms. Lewis asked each councilmember to list their top five needs in the next five years, in order of priority, and to submit that to them, so they could get a consensus about what the top needs of the city were.

Councilmember Earnest stated that his number one priority was planning for economic development that was sustainable so that the city could create a foundation for recreation, parks, police and fire, etc.

Ms. Lewis agreed, adding the example of how South Jordan used to be a bedroom community with almost no commercial development. Then their residents saw other cities with recreation centers, parks, etc., and they also wanted those amenities. She explained that generally a single-family home did not generate enough property taxes to pay for the services the residents in that home would use. If residents wanted the amenities, the city needed the commercial businesses to come in.

Councilmember Flake stated that to facilitate economic development, his number one priority was roads. He asserted that if the city didn't develop roads, and the utilities to go with them, no one would bring in the economic development.

Ms. Lewis agreed, and told of a panel presentation which she attended where the out-of-state people said that the number one thing they were looking for to bring their businesses into the state was shovel-ready sites where they would not have to put in the roads and utilities.

Mr. McHargue said that in addition to the infrastructure projects that the city was working on, the city was legally obligated to get the water tank in, followed by the fire station. Councilmember Earnest suggested the possibility of letting Orem do fire, with Vineyard providing ambulance service. There was further discussion.

Mayor Fullmer listed her priorities, in order, as: economic development, roads, fire, administration, and utilities.

Mr. Brim agreed that roads were important and also recommended that council consider preserving some land in the Town Center project, to plan for a future city hall so the city would not have to buy land later at a higher price.

Councilmember Riley felt that the council was on the same page but that they needed Lewis Young's help to get the timelines and financing to come up with a plan. Mayor Fullmer agreed

that getting the timelines right was critical, and added that they needed to also plan for the things that were not the top priorities. The discussion continued. Mayor Fullmer concluded that for the lower-priority items, councilmembers were to share them with Lewis Young via email. Mr. Robertson pointed out that they would be interviewing department heads to get the smaller, day-to-day items and to address any concerns about level of service in order to integrate that into the plan.

Mr. McHargue asked how the council wanted to prioritize recreation and what they were hearing from citizens. He also asked how much of the RAP Tax, if approved, should go towards recreation. He explained that recreation was not self funded, and that it was a drain on the general fund. He reminded council that recreation was not funding park maintenance. Councilmember Earnest commented that he would like to see a recreation center on the radar, and then a discussion about park maintenance ensued.

Mr. McHargue directed council to the five-year plan report and said that after meeting with each department, the assumption was that this plan would be to maintain the same level of service, taking growth into account. He acknowledged that they would need to add things to this list, but asked council to review the list while preparing their recommendations. The discussion continued.

Mr. Overson stressed that he wanted to make sure that everyone understood a few things about parks. He explained how there were active parks and passive parks. Active parks, such as Vineyard Grove Park, had amenities such as playground equipment, soccer fields, etc., and required more maintenance. Passive parks, such as Penny Springs Park, had grass, benches, and picnic tables but no activities. He asked which type of parks did council want more of in the future. Knowing this would help staff to know what to ask the developers for. He also felt there was a need to disperse the parks throughout the city.

Mr. Overson indicated that they were competing with Provo and Orem for Public Works employees, and that they were not able to hire anyone because no one was available. He concluded that they needed to look at the pay range they were offering.

Ms. Lewis and the council determined the timeline to get the council's recommendations and for Lewis Young to compile the plan to present it to council. They planned to meet again during the second City Council meeting in October. Councilmember Earnest requested that the plan address wages, in reference to Mr. Overson's concern, since the city needed to be competitive to hire and retain quality personnel.

The meeting adjourned at 5:39 PM.

MINUTES APPROVED ON: October 30, 2019

CERTIFIED CORRECT BY: /s/ Kelly Kloepfer

KELLY KLOEPFER DEPUTY RECORDER