

CLEARFIELD CITY COUNCIL MEETING MINUTES
6:00 P.M. WORK SESSION
December 21, 2021

City Building
55 South State Street
Clearfield City, Utah

The physical meeting location was available for the public; however, due to a surge in public health concerns, the meeting was also offered for the public electronically via Zoom Meeting address:

Zoom Meeting
<https://us02web.zoom.us/j/84967181736>
Meeting ID: 849 6718 1736

PRESIDING:	Mark Shepherd	Mayor
PRESENT:	Kent Bush	Councilmember
	Nike Peterson	Councilmember
	Tim Roper	Councilmember
	Karece Thompson	Councilmember
EXCUSED:	Vern Phipps	Councilmember
STAFF PRESENT:	JJ Allen	City Manager
	Summer Palmer	Assistant City Manager
	Stuart Williams	City Attorney
	Kelly Bennett	Police Chief
	Devin Rogers	Assistant Police Chief
	Adam Favero	Public Works Director
	Eric Howes	Community Services Director
	Spencer Brimley	Community Development Director
	Ricki Miller	Human Resource Manager
	Nancy Dean	City Recorder
	Wendy Page	Deputy Recorder

VISITORS: Steve Hiatt – The Hiatt Group, LLC

Mayor Shepherd called the meeting to order at 6:08 p.m.

DISCUSSION ON THE AGENT-CLIENT REPRESENTATION AND FEE
AGREEMENT WITH THE HIATT GROUP, LLC FOR LOBBYIST SERVICES

JJ Allen, City Manager, stated the recommendation of staff would be to hire Steve Hiatt as lobbyist for the upcoming year. He reviewed Mr. Hiatt's background and involvement with many of the key legislators and other stakeholders which would be valuable for the City. He

noted his fee was less than most lobbyist firms. Mr. Allen indicated an agreement for the Council's consideration was on the agenda during the special session later in the evening.

Steve Hiatt, lobbyist, introduced himself and stated he was looking forward to working for Clearfield City. He expressed his desire to advocate for the City and begin early in the legislative process.

Mayor Shepherd commented the shortfall for Clearfield Station brought the idea for hiring a lobbyist to mind. He explained the City needed significant help to fund the process. He highlighted some of Mr. Hiatt's qualifications. He added Clearfield would be the only municipal contract with the Hiatt Group.

Mr. Allen stated Mr. Hiatt had supplied a list of his current clients and there should not be any conflicts.

Councilmember Bush asked what the City's chances would be of getting additional funding. Mr. Hiatt responded Clearfield had good odds but there was no guarantee. He believed there was a high probability.

Mayor Shepherd stated he had a meeting on December 10, 2021 with northern Utah mayors, Utah League of Cities and Towns (ULCT), speaker of the house, and president of the senate to seek guidance on the City's gap for funding the Clearfield Station project's infrastructure. He explained Representative Steve Handy had offered to carry the bill for funding.

Mr. Allen indicated the City had a project with Clearfield Station that the State and Utah Transit Authority (UTA) wanted to be a crown jewel. Councilmember Bush commented the Clearfield Station project should be a regional draw and so it would be beneficial to have regional support.

Councilmember Thompson wondered if the focus would be to get the funding because of affordable housing efforts or more focused towards infrastructure. Mayor Shepherd responded Mr. Hiatt had been speaking with legislators to determine which committee would be best.

DISCUSSION ON THE STATUS OF THE CITY'S ARTS SUPERVISOR POSITION

Eric Howes, Community Services Director, stated staff had been requesting the arts supervisor be a full-time position for a while. He acknowledged the Council approved funding in the Fiscal Year 21 (FY21) budget so the gap between part-time and full-time could be covered with Parks, Arts, Recreation, Aquatics, and Trails (PARAT) Tax revenue; however, staff was to seek grant funding to cover the gap in the subsequent years. He noted there were delays in the grant cycle because of the COVID-19 pandemic; however, staff had been given the impression the grant application would be approved so funding of the full-time position continued in Fiscal Year 22 (FY22).

Mr. Howes stated the Utah Arts Council (UCA) received 50 additional applications from other agencies for FY22. He explained the City recently received its notice of award for \$8,000 per year for FY22 and FY23 which was significantly less than anticipated. He acknowledged there

would be a significant gap in the full-time expense and grant funds; consequently, staff notified the Council it planned to return the position to part-time status, since that was the commitment. He explained the current discussion was at the request of Council. Mr. Howes reviewed the financial impact of wages and benefits should the position remain full-time.

Mayor Shepherd expressed his opinion the City should fund the position because we just rebuilt the arts center. He noted recruitment for a part-time personnel would be a challenge.

Councilmember Peterson stated one of the City's core values is to maintain a highly motivated work force. She agreed with the Mayor that it would be an odd time to fund capital and not personnel.

JJ Allen, City Manager, explained as much as staff would like to keep the position full-time, the situation did not want to be seen as a bait and switch arrangement. Councilmember Peterson appreciated the approach from staff which allowed for an opportunity to bring it back for discussion by the Council.

Mr. Allen commented there appeared to be consensus from the Council to keep the art supervisor position full-time; however, it was not clear which funding source should be used, PARAT or General Funds, to fund the gap remaining after the grant funds. He pointed out that Councilmember Phipps had voiced his desire to fund it from the General Fund originally and reiterated that desire in his email response to staff.

Councilmember Peterson acknowledged Councilmember Phipps' reasoning for using the General Fund because fundamentally operational expenses should come from operations; however, she felt the current situation was an area where there were unique circumstances and art funding would be appropriate out of the PARAT Tax revenue because it was a funding mechanism that would not conflict with the use. She noted voters approved investment in those areas.

Councilmember Roper expressed his opinion it was an investment in the arts community and appropriate for PARAT Tax funding.

Mr. Howes stated regardless of the decision, staff would continue to seek additional grant funding to cover the difference for the future.

Councilmember Bush asked if the Council funded the position out of PARAT Tax revenue would there be some project that would not be done because of that decision. Mr. Howes replied anything the City spent the money on would take away from other projects. He reviewed some of the projects for PARAT Tax funds planned in the FY22 budget. He continued it would not impact the ability to do the things in the current budget but would impact future projects.

Mr. Allen explained there would be budget amendments coming to the Council in January so this would be added to the list. He stated it appeared the Council was in consensus to continue funding the art supervisor full-time position with PARAT Tax.

Councilmember Peterson encouraged staff to continue to chase every ounce of grant funding for the position because PARAT Tax revenue was not the first option of funding sources and long-term would not be a solution to fund it. Mr. Howes stated the Community Services Business Plan intended for the art center to generate its own revenue source so eventually it pays for itself. Councilmember Peterson added she hoped it would generate the revenue but there was no guarantee.

Mayor Shepherd indicated the Council would need to elect a temporary Mayor Pro Tem so he could be excused for a little while to make a presentation at the Sunset City Council meeting. **Councilmember Peterson moved to nominate Tim Roper as a Temporary Mayor Pro Tem, seconded by Councilmember Thompson. All voting AYE.** Councilmember Phipps was not present for the vote.

Councilmember Bush moved to adjourn the work session and reconvene in special session at 6:28 p.m., seconded by Councilmember Peterson. The motion carried upon the following vote: Voting AYE – Councilmembers Bush, Peterson, Roper and Thompson. Voting NO – None. Councilmember Phipps was not present for the vote.

The Council reconvened in work session at 6:35 p.m.

Councilmember Peterson moved to recess until 6:40 p.m., seconded by Councilmember Bush. All voting AYE. Councilmember Phipps was not present for the vote.

The Council reconvened at 6:44 p.m.

DISCUSSION ON THE CITY'S 2021 COMPENSATION STUDY

Summer Palmer, Assistant City Manager, reviewed how the compensation study became necessary in September 2021 and the methodology behind the process.

- Maintaining Highly Motivated And Well Trained Work Force
 - Recruiting struggles and corresponding workload stress was at an all-time high.
 - The Utah unemployment rate was 2.6 percent.
 - Police department wage wars were raging, but recruitment struggles were hitting every department.
- Providing Quality Municipal Services
 - Impacting our ability to get work done.
 - Shifts not filled, parks not maintained, projects not completed, crossing costs more, classes/ programs cancelled, etc.
- Council approved a \$100,000 intermediary increase for the police department in September and gave staff direction to conduct a compensation study.

Ms. Palmer reported that since September, Utah had seen record unemployment rates even hitting 2.2 percent in November, which was the lowest unemployment rate in the history of the

State of Utah. She reviewed the unemployment rate by County and added minimum wages continued to increase nationwide and the country was seeing the highest inflation since the 1980s. She commented she was grateful for the time taken to watch the market and determine what was best for the organization and community in a new economy. She predicted it would likely get more dynamic. She acknowledged she felt confident in the recommendation being made to the Council because of the study.

Ms. Palmer explained a compensation committee was established consisting of the city manager, department heads, human resource manager, finance manager, and some division managers. The scope of the committee was to conduct both the internal and external analyses, analyze the City's resources – both current and future; formulate recommendations to present to the elected body; and assist with the ongoing process of drafting compensation policies, all while adhering to the understanding that a sound compensation plan should be affordable, sustainable, predictable/consistent, flexible, and competitive. Member of the committee shared their experiences participating in the process and their confidence in the outcome. Mayor Shepherd expressed gratitude for the enormous amount of time put into the process by staff.

Ms. Palmer explained the next step was to conduct an internal analysis of positions. The purpose of conducting the internal analysis was to create a ranking of the positions based on certain job characteristics, for compensatory purposes. The job descriptions were reviewed and updated then analyzed using the job characteristics that included the complexity of the job; how much judgment was required; equipment, machines, and tools used; leadership and supervisory responsibilities; educational requirements; experience and training requirements; work environment; and physical requirements. Then all positions were pointed to see where they ranked numerically. She explained the ranking became the basis for building a grading structure which assigned different groups of jobs different compensation up and down the structure. She continued the pointing was based on the position, not the incumbent, and was not a reflection of the value of any employee. She noted it was simply a way to objectively create a pay structure.

Ms. Palmer stated the next step was to perform external analysis. The purpose of the external analysis was to match the City's positions to similar positions outside the organization in the City's market to ensure the pay strategy (lead, lag, match the market) was being achieved. The City's market was determined to be public entities who met the following criteria: similar budget size, similar employee counts, similar populations, special districts with similar targeted positions, with proximity (Davis/Weber counties), police agencies to whom the City had recently lost officers and police agencies actively recruiting the City's officers.

Ms. Palmer reported the City used the TechNet system to access pay data from across the State of Utah. She cautioned the information the City received from the system was only as accurate as the information put in the system. She acknowledged there were data entry errors, position matching errors, and most recently data log errors. She continued that for some high-turnover, difficult to recruit positions, the data was entered into the system during the summer of 2021 and was immediately outdated.

Ms. Palmer explained that a new compensation plan was more art than science. She stated the next step of the process required bringing the internal analysis and the external analysis together

to create a structure that achieved the organization's compensation goals and strategies. She continued there was no perfect one-size-fits-all method to creating a structure that would work. She presented the proposed compensation structure which included a General Pay Plan and Step-in-Grade Pay Plan.

She described the proposed Step-in-Grade Pay Plan. She stated it would move job progressions and other hard to fill positions to a Step-in-Grade Pay Plan, reduce the number of positions, simplify recruiting and management of those certain positions, increase minimum pay range for those hard to recruit positions, provide predictability to employees, put step progression (corresponding pay increase) in employee's hands, and adjust steps each year to keep up with the market.

Kelly Bennett, Police Chief, explained the City had lost officers to other agencies who were using a step-in-grade pay plan. He stated four agencies in Davis County had moved to step-in-grade pay plans.

Ms. Palmer reviewed some of the positions that already included certifications and how they would move through the Step-in-Grade system. She explained many of the jobs included on-the-job training, which added to the experience level. She continued the committee looked at the minimum wages for the market and then looked at the progression to determine how many steps were needed to spread that out and achieve the top of the market. She stated the system would greatly enhance the City's ability to recruit. She explained adjustments would be made to the plan as inflation continued and pay ranges would adjust with the market.

Councilmember Peterson asked if inflation adjustments would be at the top end only or all the way across the pay scale. Ms. Palmer responded the adjustments would be across the pay scale and organization wide.

Councilmember Roper asked how the Step-in-Grade Pay Plan correlated with the budget each year and how it could be sustained. Ms. Palmer explained the committee had asked those same questions because it could mean pay increases every year. Ms. Palmer responded the budget committee already considers step promotions as part of its annual process.

Councilmember Peterson commented the pay plan appeared to be set up as market versus merit. She asked if there would be a merit review like the employee evaluation system and how that would impact the time for the process. Ms. Palmer explained employees already had quarterly conversations with their supervisors evaluating their progress. She stated the CVC conducted in May each year was the one relied upon for determining who was meeting expectations and qualified for increases.

Ms. Palmer also explained the proposed General Pay Plan. She stated it simplified the system with fewer grade levels; and grade levels and ranges matched the market data collected, starting at a more competitive \$16 per hour. She continued that merit and market adjustment would be determined annually as usual.

Ms. Palmer explained the next step in the process was to note the incumbents in the various positions, what qualifications and certifications were held, and how many years of service. There was also an effort to combat “compression” issues while matching market data. She commented there was still some outstanding items needing to be discussed relating to compensation within the organization (e.g. shift differential, PTO versus vacation and sick leave, etc). She reported the department heads planned to spend some time at their upcoming retreat to delve into some of those items. She stated if the adjustments were approved by the Council, staff would continue work on drafting new pay policies that would reflect the work accomplished over the last few months.

She reported the implementation cost of the proposal was \$1,472,480: Public Safety \$517,000, Community Services \$428,000, General \$223,000, Public Works and Utilities \$189,000, and Community Development \$114,000. She explained the adjustment to the Fiscal Year 22 (FY22) budget for the remainder of the year would be half the annual cost. Rich Knapp, Finance Manager, added the increases did not include the \$100,000 to \$120,000 already authorized for the police department in September. Ms. Palmer stated a review of early revenues projections for FY22 showed them coming in \$1,200,000 over budgeted amounts.

Ms. Palmer shared the revenue projections given to the Council at a previous meeting. Mr. Knapp explained that the information had not been a comprehensive look at revenues but rather a review of the top four sources. Ms. Palmer included a review of the City’s one time revenue sources.

Ms. Palmer explained the next steps in the process if the Council approved the proposal. She commented staff would like to implement the pay plan effective January 2, 2022. She noted any pay increases for the current fiscal year would come to the Council as a line item in the budget amendments discussion. She stated department heads and division managers would continue to work on compensation policies.

JJ Allen, City Manager, acknowledged the cost for six months was not the concern for the organization but ongoing the City needed to be mindful of how it would pay for the plan year after year. He suggested it would require the City be less conservative with revenue projections than it had previously been. He felt confident there was a way. He stated history had shown that the City had been very conservative with those projections while building more fund balance year after year.

Mayor Shepherd asked about the current fund balance. Mr. Knapp responded that the fund balance was currently at 48 percent but projected to be at 22 percent by the end of the fiscal year. Mayor Shepherd expressed his concern with leaning on sales tax revenue to fund the proposed plan. He felt it unwise to budget against sales tax revenue. He expressed concern about the sustainability of the plan without tax increases. Mr. Allen reminded the Council of the conversation had last summer about maintaining the property tax rate for sustainability purposes. He expressed his desire to avoid tax increases unless the City was planning for a higher level of service. Councilmember Thompson commented the discussion about maintaining the property tax rate was to keep the status quo. He expressed concern that maintaining the rate would not

sustain the increases. Councilmember Roper suggested the challenges with recruitment and retention would remain the same if the City didn't change its approach.

Ms. Palmer reminded the Council of the discussion during the mid-year retreat about the need for additional staffing as the City grew. She speculated the City would not be able to hire additional personnel at the present property tax rate because it already was struggling with that at the current staffing level. She also pointed out that the property tax rate was only one part of the ongoing sources of revenue to draw upon.

Mr. Allen stated the expenditure side of the equation still needed to be addressed. He suggested the conversations might include scaling back on capital projects or programming. Those were long term decisions and were intended for the upcoming budget process. Mayor Shepherd commented the process should include a discussion on projects and programming because if the increases were not funded through sales tax revenue, they would need to be funded by one-time revenues. He expressed his opinion that approach was not good budgeting practice. He expressed concern with bringing the information to the Council only a few weeks prior to a suggested implementation. Mr. Allen suggested the discussion needed to be bigger picture. He suggested one of the questions to be answered was whether the Council wanted to take the \$500,000 from the GO Bond recapture and allow it to be used for operations. He added a consideration for reducing the City's capital investment which had been very large over the last few years might be in order. He wondered if there was a comfort level for scaling back on capital so the City could focus more on operations. He suggested caution could be used when looking at sales tax revenue. He suggested the City had been too careful with its sales tax revenue projections in the past. He expressed his opinion the City could not afford to do nothing under the current conditions.

Councilmember Thompson commented the discussion on sustainability was necessary. He commented that in the past it was a conversation about maintaining the property tax rate just to keep the status quo. He suggested the proposal went beyond the status quo of the past. Councilmembers Roper and Peterson each commented it would not be wise to do nothing given the current conditions. Councilmember Thompson asked if the Council was ready to tell residents what would need to change in the future, so the City did not remain at the status quo.

Councilmember Peterson suggested the solution did not have to be do nothing or raise property taxes. She commented no one wanted to raise property taxes as a solution. She stated the conversation meant there needed to be tough discussions about the General Fund in the future and how to address any shortfalls. She suggested capital and services were a big piece of the puzzle prior to even talking about raising property taxes. She expressed concern with the City being in a critical spot at the beginning of FY22 budget process and now months later having a discussion to correct wages. She continued the process had taken four or five months getting to this point and the numbers were terrifying. She felt like wages were not going to come back down. She acknowledged the leap of faith that the City's employees had put in the Council while it took time to gather data and weigh the matter. She stated the process provided a more accurate picture of the price tag to implement the changes. She agreed with Mayor Shepherd about the unpredictability of sales tax revenue. She commented that to do nothing or substantially deviate

from the results of the study worried her because it became an arbitrary departure from what a lot of information was indicating. She suggested the question was how to implement rather than should it be done. Mayor Shepherd agreed. Councilmember Peterson added she was not willing to run to taxation to solve the problem. She stated the residents were being hit harder and harder with similar issues. Councilmember Roper commented it was getting harder to stay away from that conversation. Councilmember Thompson understood the sentiment. He worried about burdening the residents through taxation as well.

Mayor Shepherd wanted to better understand the costs and sacrifices that would be needed to pay for the implantation of the compensation plan. He added the City was already upside down in the Clearfield Station project and knew it would still need to bond sometime in the future for a parking structure. He expressed hope that development would increase sales tax revenue and fund the necessary projects but there was no way to project how much.

Ms. Palmer admitted the City knew how to budget well for recession, but inflation was different and many in the City had never seen inflation before. She commented there was currently a lot being dealt with such as burned-out employees and some even walking off the job.

Mayor Shepherd asked how other cities comparable to Clearfield were handling the same issue. Ms. Palmer responded most of the other municipalities only addressed the issues in their police departments. Mayor Shepherd asked how other cities were addressing other staff. Mr. Allen suggested Clearfield was likely ahead of other cities in addressing other staff. Ms. Palmer agreed. Mr. Allen added there was a desire to address the issue for the organization as whole. He informed the Council that some of the other cities were now contacting Clearfield to see how it was addressing its entire organization. Stuart Williams, City Attorney, stated different entities used different means to address the issues. Mayor Shepherd expressed a desire to speak with his counterparts in other cities to see how it was being handled.

Mr. Allen commented it was hard to compare Clearfield to other communities mostly because of its Community Services department. He added many cities don't have pools or arts programs.

There was a discussion about staffing levels and why Clearfield had higher staffing levels than other cities. Mr. Allen explained the City had made conscious decisions to invest in parks, recreation, communications, and other categories that other cities had not. He also stated that cutting capital did not necessarily mean cutting core capital projects. It might require cutting in areas such as Community Services. He acknowledged those were discussions had by the compensation committee.

Councilmember Peterson stated she believed sales tax revenue would pay for the increase for the near future with the help of the GO Bond recapture. She expressed concern for the employees and their investment in the City and what that meant to the City. She worried about what might happen when things slowed down. She stated there needed to be an implementation strategy that recognized where things stood and took effect with some haste or there could continue to be mass attrition. She expressed her opinion the budgeting process needed to start immediately and involve the Council much more quickly. She did not want a repeat of last year's budget cycle where the message from staff was all was lost, and we can't afford any projects. She expressed

her opinion the Council needed to be brought into the decisions much earlier. She noted the dynamic of how the City needed to balance its money probably needed to shift since the Council was responsible for that decision to its residents. She did not want to draw down the reserves. Mr. Allen stated executive staff would discuss how better to bring the Council into the discussions earlier.

Councilmember Roper commented it would not be the last of hard decisions for the Council.

Councilmember Peterson added core governmental functions had to come to the top. Some decisions would be Council priority decisions. She suggested that was one area the Council needed to be brought to the table sooner.

Mayor Shepherd suggested the Council needed more time to study the issues at hand prior to making a firm decision. The Council agreed while understanding there was an immediacy and asked for a little more time. There was a discussion about the Council understanding the need and timeframe while also needing additional time to consider it.

Ricki Miller, Human Resources Manager, commented there was a real need in the police department because several officers were considering offers that would create additional staff shortages. She expressed support for however the Council determined to go but felt it should know the status of that department. Mayor Shepherd and members of the Council expressed their support for the compensation increases but asked for understanding on the magnitude of the decision, on multiple levels, being asked for from staff. Mayor Shepherd assured staff the police department would not see changes to the proposal.

Ms. Palmer asked Mayor Shepherd and the members of the Council if they were willing to fund the police department changes immediately. Councilmember Peterson acknowledged the police department was in an emergency situation, but all departments were suffering. She asked if it sent a message to other employees that the Council didn't care about other programs. There was a discussion on levels of trust and value with the department heads, many of whom understood the immediate need in police. Mayor Shepherd assured staff that the increases would happen following the Council being given the time and opportunity to consider everything presented during the meeting. Mr. Allen expressed his opinion that the changes were critical and needed to be sustained. He agreed that the City would need to make difficult and critical decisions in the coming years to sustain the changes. The Council agreed to let staff inform public safety how the proposed changes would be implemented.

Councilmember Peterson moved to adjourn at 9:00 p.m., seconded by Councilmember Roper. The motion carried upon the following vote: Voting AYE – Councilmember Bush, Peterson, Roper, and Thompson. Voting NO – None. Councilmember Phipps was not present for the vote.

**APPROVED AND ADOPTED
This 8th day of February, 2022**

/s/Mark R. Shepherd, Mayor

ATTEST:

/s/Nancy R. Dean, City Recorder

I hereby certify that the foregoing represents a true, accurate, and complete record of the Clearfield City Council meeting held Tuesday, December 21, 2021.

/s/Nancy R. Dean, City Recorder