

**Tremonton City Corporation
City Council Budget Workshop
June 1, 2009
Meeting held at
102 South Tremont Street**

Members Present:

David Deakin
Roger Fridal
Lyle Holmgren
Jeff Reese, Mayor Pro Tempore
Byron Wood
City Manager, Shawn Warnke
Darlene Hess, Recorder

CITY COUNCIL BUDGET WORKSHOP

Mayor Pro Tempore Reese called the June 1, 2009 City Council Budget Workshop to order at 5:33 p.m. He excused Mayor Weese from the meeting. The meeting was held in the City Council Meeting Room at 102 South Tremont Street, Tremonton, Utah. Those in attendance were Councilmembers Deakin, Fridal, Holmgren, Reese, and Wood; City Manager Shawn Warnke, Police Chief David Nance, Public Works Director Paul Fulgham, Financial Director Curtis Roberts, and Recorder Darlene Hess. The Council reviewed the agenda and discussed the following items in detail.

1. Approval of agenda:

Motion by Councilmember Wood to approve the June 1, 2009 agenda. Motion seconded by Councilmember Holmgren. Vote: Councilmember Deakin - aye, Councilmember Fridal - opposed, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

2. Budget review and discussion:

- a. Fiscal year - 2009-2010
- b. Fiscal Year - 2008-2009

Mayor Pro Tempore Reese turned the time over to Finance Officer, Curtis Roberts to discuss the budget.

Financial Director, Curtis Roberts opened the budget discussion by presenting the following information:

- 10-36-856 Budget revenue will be increased from -0- to \$30,000 to provide for the lease proceeds for the PD vehicle to replace one that has a blown motor.
- 10-54-701 This corresponds with account 10-36-856 and will have no net impact on the budget.
- 10-40-801 This account will need to be adjusted by at least \$12,000 to pay for the new phone system. Darlene will need to get the exact amount to from the loan document to add the amount for lease payments on the new phone system for the four-year lease. (Amount is \$16,790).
- 10-39-999 Director Roberts informed the Council that the fund balance to be appropriated will be at least \$380,341 or more depending on the monthly payment for the phone systems. (Amount is \$385,601).

The Council discussed the budget and their concern about the money being used in the fund balance to be appropriated. Director Roberts told the Council that almost every past budget had used this account to balance the budget. He just pointed it out more clearly to the Council. Mr. Roberts suggested options for the Council as follows:

1. Absorb Fund Balance for one year.
2. Department Heads can go through their individual department budgets' line by line reducing where necessary.
3. Take 10-39-999 down to zero which would require very significant cuts which would amount to a 7% to 8% cut in each department.

Councilmember Deakin asked why the numbers have increased so much? Director Roberts told the council that this has been the status of the budget for several years. The City has incurred debt payments for a new fire truck in the amount of \$150,000, 2000 West lease payment of \$23,000, a new street sweeper at \$38,000, and \$50,000 to B&C Roads. The Police Department is up to \$200,000 for salaries and benefits.

b. Fiscal year 2008-2009

Director Roberts reviewed the current budget.

- 10-40-701 The Non Departmental fund is up \$37,307 to cover the new phone system.
- 10-40-100 The Front office administrative salary budget has remained the same

The Police Department budget was discussed. Director Roberts told the Council that the Police Department budget is at 1.2 million. Chief Nance told the Council that the

2008-2009 expenditure on the report he receives does not show the final month of the fiscal year. Police Department benefits were mis-budgeted last year. Account

10-54-130 Benefits were increased to correct the error. A portion of an officer's overtime is reimbursed by the State; these amounts are not deposited into the actual expenditure accounts. The State has paid approximately \$12,000 in overtime reimbursements so far this year.

Councilmember Deakin discussed the following budget items with the Council and told them that the City needs to be aggressive with budgeting by removing contingency pockets without cutting services or reducing benefits and salaries. Items discussed were:

10-39-999 Shows \$297,215 is to be appropriated in 2008/2009

Last year was the first year the City gave out merit increases. The cost for merits this year will be \$36,000. No figure was given for the proposed annual cost of living increases.

10-36-890 shows a deficit along with other areas. \$80,000.00 is a previous year deficit.

Director Roberts said the budget is a best estimate. The City can monitor the budget throughout the year. If cuts are made up front, then spending is reduced and time is not wasted trying to predict the future. Councilmember Deakin suggested the City cut out non-essential projects and then add them in later if revenues come in higher than predicted.

Mr. Roberts reported that property tax revenues will go up next year.

Councilmember Holmgren suggested reductions in the City's two largest departments which are the Police Department and the Public Works Department.

Director Fulgham said he has already made cuts across the board in the Utility Fund in the amount of approximately \$15,000. Funds for the roads were to have been carried over into the new year in account 10-61-200. Mr. Roberts had told Director Fulgham that those funds in the amount of \$201,000 for the roads do not exist now. The Council discussed the need to have funds for road repairs.

Director Roberts told the Council that budgets do not roll over from fiscal year to fiscal year. They must be balanced each year. Fund balances are the only items that are allowed to roll over from year to year. The City had an affective plan to spend down \$297,215 in account #10-39-999 out of the Fund Balance. This is the adopted plan for the current year. If \$210,000 is taken out of this amount for road repairs, the

budget will break even. The amounts spent from the Fund Balance should be documented for the Council to review.

Manager Warnke said he would prefer to run the Budget the way Mr. Roberts has outlined. It is better to show the Fund Balance with an up-front strategy and be conservative with revenue projections.

Mr. Roberts told the Council that once the road bond is paid off, the City will have a revenue of \$300,000.

Public Works Director, Paul Fulgham, told the Council that the previous City Manager, Rich Woodworth, had told the Council that \$500,000 for the new filter at the Treatment Plant was to have come out of Capital Reserves. Director Roberts informed the Council that this money will come from lease proceeds. Director Fulgham said the City has two-thirds of the money for the new filter, and they should wait to borrow the remaining amount to save on interest costs. The City has the entire fund amount for the new well. That amount will depend on the negotiations the Council makes with the owner of the well.

Director Fulgham said the City could cut out \$150,000 from the road projects excluding reductions for Class C Road projects where the City must follow State Road Policies.

The Council discussed the need to make fair cuts in all departments if it is deemed necessary.

Chief Nance said that 80% of his department's budget goes to salaries and benefits. He could possibly reduce his budget by \$30,000 if some of the training was eliminated. Repairs to police vehicles can be costly. Some years there are very few repairs and other years there are more expensive problems.

The Council discussed the budget deadline of June 22, 2009. Director Roberts reminded the Council that the City's most valuable resources are the City employees. The Council discussed the options of across-the-board cost of living raises, selective merit increases, and benefits.

The Council discussed the need for them to reduce their budget just like the departments are being asked to do by possibly of eliminating trips to Saint George for the ULCT Conventions along with other non-essential training excursions.

Councilmember Deakin left the meeting at 6:40 p.m.

Director Roberts suggested that the Council give the new City Manager more time

to review the proposed budget. Manager Warnke said the current economic conditions are much different from what they have been in years past, which makes it difficult to predict revenues and plan a balanced budget.

Recorder Hess informed the Council that representatives from the ULGT and Huber Insurance Agency will be making presentations at the next Council meeting on June 2, 2009. The Council had discussed putting the City's property insurance up for bids in January 2010 for all interested businesses. The Council discussed the existing insurance coverages.

3. Adjournment:

Motion by Councilmember Wood to adjourn the meeting. Motion seconded by Councilmember Holmgren. Vote: Councilmember Deakin - aye, Councilmember Fridal - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

The undersigned duly acting and appointed recorder for Tremonton City Corporation hereby certifies that the foregoing is a true and correct copy of the minutes for the City Council Meeting held on the above referenced date. Minutes were taken by Shirley Colvin.

Dated this _____ day of _____, 2009.

Darlene Hess, Recorder