

**TREMONTON CITY
CITY COUNCIL BUDGET WORKSHOP MEETING
June 10, 2009**

Members Present:

David Deakin

Roger Fridal

Lyle Holmgren

Jeff Reese

Byron Wood

Max Weese, Mayor

Darlene Hess, Recorder

CITY COUNCIL BUDGET WORKSHOP MEETING

Mayor Weese called the June 10, 2009 City Council Budget Workshop Meeting to order at 5:33 p.m. The meeting was held in the Tremonton City Council Meeting Room at 102 South Tremont Street, Tremonton, Utah. Mayor Weese, Councilmembers Deakin, Fridal, Holmgren, Reese, Wood, Police Chief Dave Nance, Financial Director Curtis Roberts, and Recorder Darlene Hess were in attendance.

1. Approval of Agenda

Mayor Weese asked if there were any changes or corrections to the agenda?

Motion by Councilmember Holmgren to approve the June 10, 2009 agenda as printed.

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

Councilmember Deakin arrived at 5:37 p.m.

2. Budget review and discussion

a. Fiscal year - 2009-2010

Manager Warnke handed out copies of a list of meeting objectives he had put together and explained that he had visited with each City Department Head to discuss budget cuts. A few line items resulted in increases, where other items were decreased or eliminated. Approximately \$75,000 proposed cuts have been eliminated from the budget so far. The City is in the process of eliminating \$20,000 from the 14% increase on the City's Health Insurance. The City is looking at obtaining a salary survey to see where City employee salaries stand compared with other similar

work force positions.

Overall budget cuts amount to approximately \$120,000 which leaves a deficit balance of \$265,000 in the City's Fund Balance. Budget cuts have hit a threshold. Any additional cuts would move the City into reducing services. Each department will need to adopt a conservative spending plan.

Manager Warnke said that reduction in travel should be another area to consider. Long drives out of town and extended stays for conferences and training could be eliminated depending upon the frequency of these type of trips.

Manager Warnke had not had a chance to talk with the Fire Chief yet. A transfer from the General Fund to the Fire Department in the amount of \$28,000 will be made to cover Fire Department expenses. Manager Warnke said he could discuss ways of reducing this amount with the Fire Chief.

Councilmember Reese said he was very impressed with the budget cuts each department had made and felt the Council and Fire Department should also make reductions in their budgets.

The Council discussed eliminating trips to St. George for Utah League of Cities and Towns Conventions. When asked about cost, Recorder Hess said one convention trip for just the Council and their wives is approximately \$7,000. It is important for the Council to stay on top of current issues, however, the possibility of taking turns attending training meetings may help to reduce expenses. The City benefits from being a member of the ULCT. Councilmember Fridal is a State Legislature appointed member of the ULCT and is required to attend quarterly meetings.

10-41-230 Travel and Training has a budget amount of \$8,850.

10-41-360 Membership and Dues set at \$4,940.

Manager Warnke said reductions have also been made in Professional Services. Most of the expense in this area comes from meetings the City Engineer and City Attorney attend for the City. Professional Services has been reduced from \$22,000 down to \$15,000.

Councilmember Holmgren asked about the \$4,000 line item in the Home Delivered Meals Program? Manager Warnke said Senior Director, Marion Layne, is in the process of obtaining a grant for a new bus. The City will be required to match \$16,000. The City has already budgeted \$20,000 for this item. Financial Director, Curtis Roberts, said the grant revenue for the bus is not included in the Senior Center Budget. Adjustments will need to be made to recognize this revenue in the budget.

The net affect for the purchase of the bus will be \$4,000.

Manager Warnke informed the Council that the City's dental insurance will not increase, however, health insurance costs will increase 14% above current costs. Bids from other insurance carriers base their rates on results from health questionnaires filled out by each employee. Most carriers have comparable rates.

The City has decided to increase the employee's major medical health insurance deductible from \$500 to \$1,000 per individual and \$2,000 per family, however, the City will set up a Health Reimbursement Account to pay the deductible for employees who need to use their major medical coverage. Mr. Roberts said the City could potentially save an estimated \$20,000 with this plan as long as each employee does not need to use their deductible. Typically only 30% of employees use major medical coverage. Councilmember Wood said the City employees should pick up a portion of the health insurance increase. Manager Warnke said City employees may need to be encouraged to shop around for lower priced prescriptions.

Manager Warnke said the current proposed budget includes a 2% merit increase and a 3% Cost of Living Increase (COLA). Manager Warnke recommended keeping the 2% merit increase for all City employees and then wait to distribute the COLA increase until the results of the Salary Survey are evaluated in March 2010. The City will hold \$10,000 in reserve for salary adjustments based upon the survey. The survey will evaluate comparable cities and similar populations. The survey can be done in-house through the survey company, Tech Net. The cost to subscribe to Tech Net is \$300. Recorder Hess informed the Council that there is also a salary comparison web site on the Internet.

Manager Warnke told the Council that since the State Minimum Wage has increased, salary adjustments will be required for certain City employees and \$4,000 has been allocated to take care of this adjustment. Mr. Roberts said salary surveys take time in order to collect all the required criteria.

The Council compared cost of living increases in the surrounding area. Councilmember Wood said most businesses have set their cost of living from zero to 2%. Mayor Weese said Brigham City elected officials will be receiving an increase this year. Councilmember Holmgren said Utah State University will not be giving out a cost of living increase and Councilmember Reese reported that ATK will maintain their annual cost of living increase at 3%. Their merit increase will drop to 1.75%. Councilmember Wood said he felt the City should do away with the COLA. Councilmember Deakin and Holmgren said they were not comfortable with eliminating the annual COLA benefit.

After further discussion, the Council agreed on the 2% merit increase and elimination

of the cost of living increase until results from the salary survey have been evaluated in March 2010. At that time, the reserved \$10,000 will be distributed as salary adjustments at that time.

Manager Warnke said the 2% merit increase will be distributed to the employees to set the precedence needed to maintain and cultivate a reward culture with City employees. The City will also need to pass on a 6% health insurance increase on to the City employees.

Mayor Weese asked why there is a deficit in the City's Fund Balance since the City's income stayed the same? Mr. Roberts said the City overspent in 2008-2009 along with the cost of major projects,. He told the Council that the City has had this same type of a balance for a few years now.

Mr. Roberts reminded the Council of the City's three fundamental budget goals:

- ▶ State revenues conservatively.
- ▶ Do everything to retain employees as they are the City's most valuable assets.
- ▶ Maintain services.

Mr. Roberts said the Fire Department has a budget of \$480,000 and \$100,000 of that amount is committed to debt payments. The Fire Department may be able to cut \$10,000 to \$15,000 from their budget.

Road expenditures are being held until the 2009-2010 budget in the amount of \$301,000 for road improvements; however, \$253,000 for road chip and seal will be spent out of the current Fiscal Year 2008-2009 Budget.

Mr. Roberts said the Council could go with the plan Manager Warnke has presented by working with the deficit of \$265,000, eliminating nonessential travel and education, and making reductions in the Fire Department Budget. This would reduce the Fund Balance to less than \$250,000.

The Council thanked Manager Warnke, Recorder Hess, and Mr. Roberts for their work on the budget.

b. Current fiscal year - 2008-2009

Mr. Roberts said he still has a few adjustments yet to be made in some of the departments. Expenditure increases need to be made in certain areas with

corresponding revenue increases. He will have the formal recommendation ready for the Council at the public hearing.

Manager Warnke said he had received a letter from a nonprofit organization who assists with women's domestic violence shelters asking for a donation of \$1,450. Mr. Roberts said this is for the YCU and the donation amount had already been allocated in the City's budget under account 10-41-570.

Financial Director Roberts reviewed the following with the Council:

- ▶ Even though the new telephones will be a capital lease, the initial purchase needs to be added to the non-departmental budget in the amount of \$47,000.
- ▶ An additional amount of \$1,000 will need to be added to the City Manager's Budget.
- ▶ The Recorder's Budget did not use amounts set aside for a minute taker, therefore, that amount will be taken off of the budget.
- ▶ Professional benefits required an additional \$15,000 for a professional benefit expense.
- ▶ An amount of \$13,000 will be added to the Civic Center budget for a fuel bill and over runs on grounds and maintenance.
- ▶ The Police Department budget will receive an additional \$30,000 to cover a new vehicle, benefits, and a few shortages.
- ▶ The Fire Department will have a net adjustment increase of \$21,000 which includes \$10,000 for fuel and supplies and front office wages. Revenues in the Fire Department will also be adjusted to reflect these changes.
- ▶ The Street Department will receive an increase of \$38,000 for electrical boxes on 2000 West.
- ▶ The Senior Center Community Service had food overruns in the amount of approximately \$7,000. Congregate Meals had an overrun in the amount of \$6,000 and Home Delivered Meals had an overrun of \$11,000.
- ▶ Community Events was reduced by \$12,000 through budgeting overlap last year which will be budgeted this year.

Mr. Roberts said all of these adjustments will be taken care of through revenue

variances. The City will be receiving two property tax checks and these amounts should come in as predicted.

Mr. Roberts said the City needs to get with UTOPIA to see if taxes are being distributed properly. The Council discussed problems with UTOPIA's customer service. Residents are being charged \$4,000 for connection fees. Most residents will not or cannot pay this fee even over time. This will result in a loss of revenue for UTOPIA and the City. Phone calls to UTOPIA to address this issue have gone unanswered.

Another issue discussed by the Council is that several residents are currently receiving free service from Fusecore. The Council said the City is being neglected by UTOPIA and that they should formulate a plan to address complaints. Previous City Manager, Rich Woodworth, had been a Utopia Board Member and was able to address issues at their Board Meetings. Councilmember Fridal reported to the Council that he had been asked to attend quarterly meetings. The group met once about three months and he has not been invited to any meetings since. The Council discussed the possibility of getting Manager Warnke to serve on the Utopia Board.

3. Adjournment

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

The meeting adjourned at 7:05 p.m.

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