

**TREMONTON CITY CORPORTATION
SPECIAL CITY COUNCIL BUDGET SESSION
February 23, 2010**

Members Present:

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

SPECIAL CITY COUNCIL BUDGET SESSION

Mayor Fridal called the February 23, 2010 Special City Council Budget Session to order at 6:00 p.m. The meeting was held in the Public Works Building located at 300 East 1200 South, Tremonton, Utah. Those in attendance were Mayor Fridal, Councilmembers Deakin, Doutre, Holmgren, Reese, and Wood, City Manager Shawn Warnke, Police Chief David Nance, and Recorder Darlene Hess.

An opening prayer was given by Councilmember Wood.

1. Approval of agenda.

Mayor Fridal asked if there were any changes to the agenda? (There were two Item #2's on the agenda. The second Item #2 should be Item #3, and Item #3 should be Item #4.)

Motion by Councilmember Deakin to approve the February 23, 2010 agenda. Motion seconded by Councilmember Holmgren. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

2. Discussion and consideration of appointing Bryce Bradfield and John Losee to the Planning Commission.

Councilmember Deakin told the Council that he had contacted Mr. Bradfield and Mr. Losee, and that they had both accepted the invitation to serve on the Planning Commission.

Motion by Councilmember Holmgren to appoint Bryce Bradfield and John Losee to serve on the Planning Commission. Motion seconded by Councilmember Doutre. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and

Councilmember Wood - aye. Motion approved.

3. Discussion regarding revenues and expenditures for the upcoming 2010 and 2011 Budget.

Manager Warnke handed out copies of his 2010-2011 Budget Objectives.

Manager Warnke told the Council that all of the Department Heads had submitted their expenditures. He has been reviewing the expenditures along with revenue projections, taking a relatively conservative view. In some cases, the revenues have remained flat; however, he projects that they will decline especially sales tax and building permit revenue. Manager Warnke is hopeful that revenues will come in the same as historical rates, however, he is not depending upon it.

Manager Warnke told the Council that he wanted to go through points he has been contemplating on the Budget. Now, during the planning stage, would be a good time for the Council to bring up questions or concerns regarding any Budget issues. Manager Warnke said he is proposing that the City not use the Fund Balance this year to balance the Budget.

Manager Warnke said the operating revenues and expenditures are equal. The Fund Balance should only be used for one-time expenditures. Items to be concerned about are the annual payments to UTOPIA in the amount of \$300,000, budgeting \$220,000 from the Fund Balance last year, and a 13% trend increase in health care costs. Manager Warnke said the City will go out to market for bids on health care.

The Council discussed possible options for increasing sales tax revenues. Manager Warnke said that now is not the time to increase sales tax.

Manager Warnke said the City will need to budget for the lowest operating expenditures possible, without significant service cuts. Manager Warnke will return to the Council with different options for consideration to balance the Budget, which may include service cuts and revenue increases. The Council will make the final decisions in balancing the Budget.

Manager Warnke said there are two expense categories: Discretionary and Operational. He discussed the information as follows:

Discretionary Items:

- Membership/Dues
- Travel
- Office Supplies & Expenditures
- Postage
- Education
- Miscellaneous Supplies
- Purchase Equipment

Operational Items:

Salaries
Benefits
Insurances
Utilities
Natural Gas
Telephone
Services Data Processing
Building Ground & Maintenance

Manager Warnke said the City needs to ratchet down discretionary expenses. He suggested that Department Heads can move amounts between discretionary line items, however, they should not be able to move excesses in operation expenses to discretionary expenses.

Manager Warnke said he will propose discretionary expenditures that will be at the margins, and also propose cutting discretionary line items. Operating expenses should be kept relatively flat or high so that the City does not underestimate these expenses. There are a lot of expenditures spread across different funds, therefore, we allocate costs across the different funds. This has worked out well in the past. The General Fund has not been paying for City provided utilities. This equates to approximately \$10,000 in the General Fund. Manager Warnke said the City should do this from a budgetary perspective. Those are Enterprise Funds and should function like an enterprise. The City should pay their share of those costs. The Water Treatment Plant is not paying the water cost. The City shares a portion of these payments with Garland City. The Water Treatment Plant should be paying approximately \$15,000 to the Water Fund. This will be included in the new Budget.

The Council reviewed concerns which Garland City has with their share of the payments to the Treatment Plant.

Manager Warnke said the City may need to decide to increase revenues. Different types of revenues are exchange revenues and non-exchange revenues. Exchange revenues consist of payments of roughly equal value for services; i.e. fees for services. Non-exchange revenues consist of payments not being of roughly equal value for service; i.e. property and sales tax.

Manager Warnke presented a list of 'Service Leakage' which represents how much service is given to non-residents from different departments.

Library:

3,836 (87%) = City Residents with Library cards
572 (12%) = Non-Residents with Library cards

Food Pantry:

Total Household 2008-2009

| | |
|-----------------|-----|
| Tremonton | 956 |
| Garland | 193 |
| Riverside | 22 |
| Fielding | 35 |
| Snowville | 0 |
| Plymouth | 15 |
| Bear River City | 28 |
| Deweyville | 22 |
| Portage | 8 |
| Park Valley | 2 |
| Howell | 1 |

Total = 1282

| | | |
|-------------------|-----|-----|
| Tremonton City | 956 | 75% |
| Other Communities | 326 | 25% |

Building Department:

| Building Permit Year Percent | Other Cities | Total Inspections | Tremonton Percent | Other Cities |
|------------------------------------|-----------------|----------------------|----------------------|--------------|
| 2007 | 282 | 1007 | 72% | 28% |
| 2008 | 192 | 588 | 67% | 33% |
| 2009 | 95 | 347 | 73% | 27% |

Senior Services:

| | | |
|------|---------|------------|
| Town | Patrons | Percentage |
|------|---------|------------|

Provided at least one service 2008-2009.

| | | |
|------------------|-----|-----|
| Tremonton City | 408 | 47% |
| Garland | 195 | 23% |
| Riverside | 16 | 2% |
| Bear River City | 27 | 3% |
| Elwood | 37 | 4% |
| Thatcher/Penrose | 32 | 4% |
| Bothwell | 17 | 2% |
| Deweyville | 30 | 3% |
| Honeyville | 8 | 1% |
| Plymouth | 7 | 1% |
| Portage | 9 | 1% |
| Fielding | 29 | 3% |
| Snowville | 12 | 1% |
| Collingston | 7 | 1% |
| Corrine | 7 | 1% |
| Brigham City | 8 | 1% |
| Promontory | 3 | 0% |
| Park Valley | 3 | 0% |

| | | |
|--------------|-----|------|
| Grouse Creek | 2 | 0% |
| SLC | 1 | 0% |
| S Ogden | 1 | 0% |
| Providence | 3 | 0% |
| Logan | 2 | 0% |
| Lewiston | 1 | 0% |
| Total = | 865 | 100% |

The County subsidizes funds for the Senior Center. The Council felt that Garland City should be made aware of the free use of the City's Senior Services they are receiving. Manager Warnke said his philosophy is that everyone should pay their fair share. Fees for service should equal the approximate costs which includes all of the direct costs, as well as some of the indirect costs.

Manager Warnke said the City should do all within its ability not to increase property tax especially now, however, that day may come.

Manager Warnke said the City may want to consider imposing a Transient Room Tax (TRT), which is essentially a hotel use tax. The City could adopt this tax by ordinance and the funds would be added to the General Fund. The Council said they were in favor of this idea and asked Manager Warnke to look into making this happen.

The Council reviewed a simplified tax rate chart from Manager Warnke. The Council also reviewed the City Fleet Vehicles. Manager Warnke said the City should create a policy for replacing vehicles. Chief Nance said the Police Department tries to replace marked vehicle units at 80,000 miles, and unmarked vehicle units at 100,000 miles. Chief Nance also said that a survey had been compiled where Police Departments tried using a fleet of cars verses one car per officer. It was found that using one car per officer was less expensive.

Manager Warnke said the biggest cost for the City is Personnel. The City is working on the Salary Survey and the Department Heads have submitted draft Job Descriptions for their departments. Manager Warnke said the City is trying to eliminate overtime. The City spent approximately \$43,000 in overtime last year. The City may also want to consider if there are employees who should be FLSA exempt. Manager Warnke told the Council that the City adopted has discontinued double insurance coverage for married employees. The City also split one full-time position into two part-time positions. This saved the City an insurance premium.

The Council reviewed Capital Projects. Manager Warnke said the City should keep road maintenance and repairs as a priority along with the Spring Acres Pond Project. Projects which will decrease operating expenses are the DynaQuest IT Plan, energy upgrades, road projects, and partnership projects.

Manager Warnke said the Fire Chief position is a part-time position according to an ordinance adopted by the City Council and asked the Council what direction they would like him to explore regarding this issue? Manager Warnke said the City will subsidize the Fire Department \$28,000 from the General Fund.

The Council discussed Travel Budgets. Manager Warnke said the City should eliminate all non-mandatory travel and training. This will save the City a significant amount of money. Department Heads may consider local training if necessary. The Council discussed the Council's Utah League of Cities and Towns Conference in Saint George. It was decided that Councilmember Wood and Councilmember Doutre will attend the ULCT Conference. Mayor Fridal said the League does a lot for the City; therefore, the City should have a presence at the ULCT Conference. The Council may take turns in attending this Conference.

Councilmember Holmgren said the Beautification Committee needs to have a fund.

Councilmember Doutre said she had been contacted by the Vice Principal at the High School telling her that the Agricultural Department at the school would like to plant flowers for the City at various locations. They would also like to have the City's Youth City Council assist with this project. The Council felt this would be a great benefit for the City.

Councilmember Wood said the City's sign west of town still needs to be painted.

Mayor Fridal said he had received a letter asking if the City would consider reducing monthly utility charges for active servicemen in the military. The Council said they would review the matter.

Councilmember Deakin asked Manager Warnke for his recommendations on the Budget.

~~Manager Warnke said that the Council could have a Financial Officers Association (FEOA) which they call "Financial First Aid".~~

Manager Warnke said there isn't one magic bullet that will fix the Budget. One area that may need to be considered is Personnel, however, the GFOA suggests avoiding this because of the results it has on an organization.

Mayor Fridal asked if there were any other comments. No other comments were made. Mayor Fridal thanked Manager Warnke, Recorder Hess, Shirley Colvin, and the Department Heads for their help with the Budget and the meetings.

4. Adjournment.

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

The meeting adjourned at 7:44 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 _____, 2010.

Darlene Hess, Recorder