

**TREMONTON CITY CORPORATION  
CITY COUNCIL BUDGET WORKSHOP  
February 22, 2011**

Members Present:

David Deakin (arrived at 6:05 p.m.)  
Diana Doutre  
Lyle Holmgren  
Jeff Reese  
Byron Wood  
Roger Fridal, Mayor  
Shawn Warnke, City Manager  
Darlene S. Hess, Recorder

**CITY COUNCIL BUDGET WORKSHOP**

Mayor Fridal called the February 22, 2011 City Council Budget Workshop to order at 6:00 p.m. The meeting was held in the City Council Meeting Room at 102 South Tremont Street, Tremonton, Utah. Those in attendance were Mayor Fridal, Councilmembers Deakin (arrived at 6:05 p.m.), Doutre, Holmgren, Reese, and Wood, City Manager Shawn Warnke, Recorder Darlene S. Hess, Public Works Director Paul Fulgham, Police Chief David Nance (arrived at 7:04 p.m.), and Treasurer Sharri Oyler.

1. Discussion and approval of agenda.

Mayor Fridal asked if there were any changes to the agenda. There were no comments.

**Motion by Councilmember Wood to approve the February 22, 2011 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 of the FY 2011-2012 Budget priorities and funding of priorities

City Manager Warnke stated that there are two main objectives he wished to accomplish this evening. One is to get direction from the Council on the Budget items, and the other is to inform the City Council of upcoming expenses. The latter relates to the proposed Fee Schedule in that it will give the Council a glimpse of future obligations and expenses that the City can anticipate.

Manager Warnke asked the Council if they had had the opportunity to review the Wage Survey spreadsheets and whether there were any questions or comments. As there were none, Manager Warnke reviewed what some of the Budget impacts would be if the City implemented some of the findings of the survey:

- The rough estimate to bring everyone into the new wage range is \$26,000 not including benefits. According to the survey, a lot of the lower part of the pay scale should be moved to a higher pay grade. Employees currently in the middle of their pay grade might receive a minimal pay increase. For two employees, it would only be \$0.13 to \$0.15 per hour. For the majority of the employees, the increase would be from \$0.50 to \$2.00 per hour, with a good portion of the employees in the area of \$1.00 per hour. The \$26,000, moving everyone to their pay grade, would put the City on track of where they should be according to the survey.

Councilmember Reese commented that it appears that this is about the amount of pay increase that the Council froze last year.

- The next Budget impact, the result of giving a 2% COLA or merit increase to all wages, would be \$40,000. Mayor Fridal asked if Manager Warnke was suggesting both the \$26,000 and the \$40,000. Manager Warnke said that he is just trying to get direction on what the Council would like him to try to accomplish. Ultimately, the Budget will dictate what the City can do, but his recommendation would be to try to move everyone to the proper pay grade and then try to do a COLA or merit increase. Maybe give a COLA or merit increase to those who don't receive a pay grade adjustment so that everyone gets a little increase. Mayor Fridal asked if everyone wouldn't be better off long term if the were put into their proper pay grade. Councilmember Wood stated that he would favor moving everyone into their pay grade as it would be rewarding some of the lower paid employees.

Manager Warnke said that he would still like the Council to consider, depending upon the Budget, a COLA or merit increase for employees as no increases were given last year. The COLA is an important part of making sure the City stays competitive with its pay.

Councilmember Holmgren commented that the Staff made a conscious effort to save money last year, and they succeeded in saving quite a bit. The Council should try to reward those efforts through some kind of an increase if it is possible.

Manager Warnke pointed out that the City has a healthy Fund Balance, and one thing the Council could consider would be doing some kind of a bonus so it is a one-time payout. Bonuses could be taken from the Fund Balance as it is one-time expense paid by one-time revenue. The downside of doing a bonus is that it doesn't contribute to keeping the wages from getting behind.

- Increase in On-Call pay – A less formal survey was also done to determine what other comparable cities are paying to compensate employees for On-Call services, primarily in Public Works. Of the six or seven cities who paid out above \$100 per week in On-Call pay, the two cities who paid the lowest were South Weber and Tremonton. The average compensation paid by the remaining cities was

about \$130 per week. Implementation of this would be about \$5,500 a year.

Manager Warnke recommended, when doing COLA's in the future, that COLA be applied to the On-Call pay as well. It has been at least ten years since the On-Call pay rate has been increased. With the exception of a bonus, all of the mentioned wage adjustments would be ongoing expenses.

- The trend for health insurance right now is about ten percent. The staff has not yet received notification of what Tremonton's rates will be for the coming year. Last year the increase was seven or eight percent. Councilmember Deakin asked if there is anything the City can do help stabilizing the rising cost of health insurance. If the trend continues, health insurance will be a large part of the City's budget. Manager Warnke replied that the City has tried to do some things with policy. For instance, if both husband and wife are employed by the City, only one will carry health insurance. Another thing that could be done is to incentivize employees from taking insurance if they have means to take insurance elsewhere.
- It is estimated that this year's debt obligation to UTOPIA will be about \$315,000. The City has \$75,000 in Tax Increment that can be used toward this obligation, and it is expected there will be \$286,000 coming from Tax Increment (Malt-O-Meal) now captured by the City as new growth. This will net the City about \$46,000 in potential new revenue above the UTOPIA Payment.

The Council supported Manager Warnke in trying to make the wage range adjustments and then try to do something more. Councilmember Wood commented that he prefers merit over COLA raises. Councilmember Deakin said that he definitely feels the \$26,000 should be the first priority but asked Manager Warnke if he wanted to do the On-Call adjustments before looking at merit increases. Manager Warnke replied that both the wage range and the On-Call pay are areas that have been left behind, so he would probably say to do the On-Call pay first and then look at doing something with merit raises. Councilmember Deakin expressed hope that the Council would be able to do everything if the sales tax revenue continues to increase as it has recently. Manager Warnke stated that sales tax is an unpredictable source of revenue. The State Statutes anticipate that sales tax revenue be considered more for capital projects than for an ongoing source of revenue. Manager Warnke said he also feels optimistic that the City can do the \$26,000, the On-Call pay, and then still do something with merit increases. He will proceed that way.

Manager Warnke next discussed Capital Project Improvements.

Short Term Projects for 2011-2012

- Water Tank project - Some progress will be made on the water tank this year, but

the Council will need to budget funds for next year to finish the project.

- Roads - Public Works Director Fulgham commented that the project costs for roads may increase because of the current unstable oil market. As the price of oil goes up, so does the cost of road projects. Director Fulgham provided the Council with a Road Rebuild worksheet which lists, by priority, roads which could possibly be redone in each of the next three years, keeping the total cost each year in the \$230,000 to \$270,000 range.

The recommended road rebuild list for FY 2011-2012 – estimated cost \$273,567:

- (1) 500 West (1200 S – 1400 S) - This is one of the worst roads in the City, but, if this road is done, a sewer project will have to be done at the same time. The sewer main is about twenty-five years old and it is beginning to collapse. So, there is a corresponding capital project in the Sewer Fund as well.
- (2) James Street (500 W – 550 W)
- (3) Roberts Street (550 W – 660 W) – James Street and Roberts Street are in the same area as the 500 West project. These two streets do not get a lot of traffic, but they are in bad condition.
- (4) 600 West (720 S – 800 S)
- (5) 720 South (460 W – 634W)
- (6) 634 West (600 S – 720 S)
- (7) 500 South (100 W – 600 S – McKinley School)

The recommended road rebuild list for FY 2012-2013 – estimated cost \$230,452:

- (8) Husky Way (600 N – 350 N)
- (9) 200 West (Main St – 400 S)
- (10) 400 South (200 W – Tremont St.)

Director Fulgham said that these road projects are proposed for next year but there are also sealing projects which need to be done. Director Fulgham suggested, if the funds are available, the Council select either a road rebuild project or a chip seal project, or a combination of the two. Roads are supposed to be sealed every seven years, but new roads need to be sealed after two years. The City is behind on some of the chip seal projects from 2000. If the roads in Park Meadows area had been sealed maybe they would have lasted longer. What breaks down a road is moisture underneath. If a road is built properly and the moisture can be kept out, the road will hold up.

The recommended road rebuild list for FY 2013–2014 – estimated cost \$238,050:

- (11) 800 North (100 S – 300 E)
- (12) 1550 East (Main – 200 S)
- (13) 1-84 Frontage Road - The City owns a portion of the Frontage Road that

goes by Econo Waste because it was annexed into the City.

Mayor Fridal said he was contacted by someone who lives on Shumway Way. He said that the road is deteriorating. Mayor Fridal asked Director Fulgham to check it out. It is a short stretch of road.

Councilmember Reese asked Director Fulgham what he felt was most important to do this year. Director Fulgham responded that the Council may want to look at doing the 500 West rebuild and then using the rest of the money on chip seal projects this year. Director Fulgham had T<sup>2</sup> (Utah Technology Center) do a road survey in November. The survey hasn't come back, yet. It will be interesting to see how they place priorities for road repair. All the new roads that the City reconstructs this fiscal year will be included on that survey.

Manager Warnke said that that is significant because part of the City Audit and meeting the Accounting Standards is relative to the City keeping pace with the T<sup>2</sup> Survey of City Roads. In fact, the City was written up last audit because the City is falling a little behind on road maintenance.

Director Fulgham referred the Council to the Chip Seal & Fog Coat worksheet. The City has a Chip Seal Standard now. Hopefully there won't be as many complaints about chips getting on lawns.

Councilmember Holmgren commented that as time goes on the City needs to think about these roads. They are pricey to put in and pricey to maintain. It makes one wonder if big wide roads are the way to go. Director Fulgham responded that former City Manager Woodworth liked flag lots because then the property tax pays for the roads. The roads can't be rebuilt for what people pay in property tax. Tremonton's streets are not as wide as they are in other cities. Councilmember Holmgren added that it is going to become more and more of an issue as the price of oil goes up.

Director Fulgham called attention to several roads that have been rebuilt but never resealed: Sandalwood Acres and Century Drive (both rebuilt in 2000-2001); the roads in Harris Subdivision; and 2000 West (rebuilt in 2007). The City did not require subdividers to reseat the roads back in the 2000-2001 timeframe.

Director Fulgham said that there are several roads that need to be resealed. He suggested, if the money available, that the Council budget to rebuild some of the roads and, also, reseat some. Perhaps the economy will turn around and some of the developers will be able to finish off some of their roads.

Director Fulgham stated that a road is said to last about 25 years with the supposition that no maintenance is done on them. That means that the roads that were rebuilt in 2000 have almost lived half of their lives if the City doesn't do

something about them. The question is whether they have started to get moisture underneath them. That is why it is important to get them sealed.

- Review List of Capital Improvement - Manager Warnke referred the Council to a listing of some of the funding sources that are available to be used for some of the following projects:

Short Term (2011 to 2012):

<b>Project Description</b>	<b>Project Cost</b>	<b>City Funded</b>	<b>Funding Source</b>
1 Million Gallon Water Tank	\$600,000.00	100%	Impact Fees
Purchase Land for Senior Center		100 %	Collection of Note Receivable
Road Reconstruction Projects	\$273,567.00	100%	General Fund Revenues
Road Seal & Fog Coat Projects	\$284,090.00	100%	General Fund Revenues

Manager Warnke commented that the Water Fund generally accumulates healthy impact fees such that the City is able to build up some reserves. This makes it easier to do projects in that Fund. The funding source for road projects is General Fund Revenues.

Medium Term (2013 to 2016)

This list includes Road Reconstruction Projects for FY2012-3013 and FY 2013-2014 along with a Road Seal & Fog Coat for FY 2012-2013. Also listed were several Capital Projects related to increasing the infrastructure for utilities. The funding for those projects is generally impact fees, though some are split between impact fees and other revenue because it's building capacity and some of it is related to the maintenance of a project or facility. Also included was remodeling of City Hall which would be funded from General Fund Revenues.

Manager Warnke explained that impact fees serve an important part of the City's revenue plan for making improvements. If Tremonton were growing at a rapid rate the impact fees would be enough to do the improvements. Because of the six year window period of time in which the City has to collect the fees and then do the project, it is hard for Tremonton to accumulate enough cash to fund those projects from impact fees. Instead, Tremonton has always funded them through some other means and then paid the Fund back through impact fees. Being able to accumulate enough cash through user fees is another very important part of the City's financing plan for these projects.

Manager Warnke noted that a lot of the City Funding Source is from General

Fund revenues, as well.

### Review of List of Vehicles

Manager Warnke said there are at least three vehicles in the Police Department which need to be replaced. There is also a Meals on Wheels vehicle, used in the Senior Center, that has about 130,000 miles on it. There has also been some discussion about replacing an ambulance in the near future. A lot of miles are being accumulated associated with transfers to Ogden or Salt Lake hospitals. There have actually been incidents where an ambulance has broken down when people are being transferred, and the ambulance crew had to call a tow truck and another ambulance. Obviously, it is important to keep our ambulances in good shape. Chief Batis will be talking to the Council in the future to make certain the City has a plan in place to replace ambulances.

### Road Projects

Manager Warnke expressed the opinion that citizens see roads as an important service that the City provides. It is something the citizens easily recognize and appreciate when the City keeps the roads maintained. Manager Warnke reviewed the road related revenue and expenses for 2011-2012:

- Revenues – Estimated Annually  
+ \$240,000 B&C Allotment
- Expenses – Estimated Annually
  - \$450,000 Streets Department Expense
  - \$42,000 Class C Road Fund (2000 West Dept)
  - \$273,567 – FY 2011 – 2012 Road Reconstruction
  - \$284,090 – FY 2011 – 2012 Chip Seal & Fog Coat
  - \$1,049,657 Total (\$809,657 shortfall)

If the City does some of the road projects that need to be done, there is about an \$800,000 shortfall between the revenue received specifically for roads and the actual cost to fund roads. Those additional revenues need to come from the General Fund. It is important to keep the General Fund healthy. The City has had some healthy surpluses in the General Fund. In some cases it has been the result of delaying expenses. The City also needs to keep a high fund balance for cash flow reasons so that it isn't necessary to borrow money in anticipation of taxes coming in.

In 2012 – 2013 the revenue and expenses are similar with the only difference being due to different road reconstruction (\$230,452) and chip seal (\$246,954) projects. If all of the projects are done, the result would be a \$729,406 short fall.

Possible future year projects: FY 2013–2014 - \$238,050 for a road reconstruction

project.

Manager Warnke told the Council that Director Fulgham attended the Small Urban Committee Meeting, of which Tremonton is a part. Director Fulgham reminded the Council that a few months ago two major road projects were considered by the Council: 10<sup>th</sup> North and 10<sup>th</sup> West. The Council selected 10<sup>th</sup> North as the project they would like to get on the STIP (Small Transportation Improvement) List for Federal funding. In September, Director Fulgham made the presentation at the Small Urban Meeting and 10<sup>th</sup> North was placed on the list.

Today, when he attended the Small Urban Meeting, the 10<sup>th</sup> North Project had been bumped up a year. That creates a problem in that the project is a \$5.1M to \$5.2M project and the City would need to come up with the City share sooner than expected. The City will receive \$1M but will have to provide a match of seven percent and then, also, come up with the rest of the money or else do the project in several small phases. Cities only become eligible for Small Urban funding every six or seven years, so it doesn't make sense to phase a project out that long. For that reason, the Council decided to do the whole project, but now it has been bumped up to 2014.

Moab has a project that is more ready than Tremonton's, so Director Fulgham was able to swap positions on the STIP List with Moab. Now the funding for the project is scheduled for the Federal Budget Year of 2015-2016. The City can actually start working on the project one year prior to the funding, doing the design work, etc.

If that timing doesn't work for the City, Director Fulgham will be attending the next meeting in about six months and he should be able to get the project bumped back to 2016. The bottom line is that the City needs to start working on how to fund the City's portion of the project. The project includes widening 1000 West, putting in curb and gutter, and addressing all the drainage needs. The purpose of the project is to address all the future growth that is going to happen in that area.

Manager Warnke commented that the City will receive \$1M of Federal Funds. The City then has the obligation to come up with roughly eight percent, or \$80K. If the City does the entire project, in addition to the \$80K the City will need to fund the rest of the cost, or approximately \$4.02M.

Director Fulgham told the Council that the State of Utah has a program whereby they will swap State money for Federal money at the rate of eighty to eighty-five percent. What that does is allow the road to be built by State standards instead of the restrictive Federal standards. The benefit is that more road can be built with the \$800K than can be built with the \$1M because the City won't have to do all of the historical and environmental impact studies and money can be saved in construction and in planning costs.

Only certain roads are eligible for this Federal money. The road has to be a major or minor arterial. Subdivision roads don't count. Half of 2000 West was done with this kind of Federal money. Years ago, before Tremonton was classified as Small Urban, Iowa String from Main Street to 10<sup>th</sup> North was done with Non-Urban highway funds.

Councilmember Deakin asked if road impact fees would qualify for funding this project. Director Fulgham replied that it is about the only area where road impact fees can be used to build a road. City Engineer Chris Breinholt says that it is hard to justify impact fees for roads because impact fees have to be for the future, but there is usually so much of today's use on those roads.

A few years ago, Bruce Beard came to the Council to discuss the possibility of forming a special service area. 10<sup>th</sup> North might be a situation where a service area might pay for the road, but service areas are touchy because existing people end up paying to build part of the road because it is put on their property taxes every year.

Councilmember Wood said that he feels it is better to bond to get funding for roads. Director Fulgham agreed and reiterated that the Council needs to plan ahead, beginning now, to determine how to come up with the funding to rebuild 10<sup>th</sup> North. Councilmember Wood asked how many years the financing was when the City rebuilt 2000 West. Director Fulgham replied that most of the funding for projects within the City has been for ten years.

Councilmember Deakin commented that, as the area served by 10<sup>th</sup> North begins to grow, the existing road is not going to bear the load. Director Fulgham agreed that that is true. That is why this road was chosen for a rebuild project. As the area develops and people are being brought off the freeway, that is the road that is going to be impacted.

Manager Warnke said that he didn't feel impact fees could be collected fast enough to pay for this project. It would be better to obtain a bond. Director Fulgham stated that when the City did the last road bond, all of the Class C money was set aside for payment of the bond. That way the City didn't have to raise any taxes. The down side was that the City had to shortfall all the other streets.

Councilmember Holmgren asked if there was a way the City could start building up some funds for this project and then do bonding for the balance of the money. Director Fulgham responded that that could be done. Councilmember Deakin stated his understanding that, if the City were to come up with \$80K, the Government would give the City \$1M and then the City could only do one-fifth of the project, the amount that the \$1.08M would cover. Director Fulgham said that, when applying for the Federal money, the City will have to show that the entire

project will be completed, but that the project can be done in phases. Director Fulgham reminded the Council that it would be another six or seven years before Tremonton would be eligible for this type of funding again.

Councilmember Holmgren questioned if the City would be better off trying to start the project now because no one knows what is going to happen to oil prices and other costs in five years. Director Fulgham replied that when the City applied for the money to do 2000 West, the \$1M that was set aside for the project was enough to do the entire road. When the project was placed on the STIP List the City found out it was going to take seven years to get the funding. When it came time to actually build the road, prices had gone sky high and they were only able to build half the road with the Federal money. The City borrowed \$600K to do the other half of the road, and found they were able to do it for less because they were able to do it to City Standards and not to the Joint Highway Standards.

The City ought to look at what the dollar is today compared to what it will be in five years, because, if City had built 2000 West when they first started the application process in 2001, the entire road probably could have been built for the estimate of around \$700K to \$800K. Seven years later, when the road was actually built, the cost was \$1.6M.

- Assigned Fund Balance: General Fund – Manager Warnke reviewed the Fund Balance amounts that have preliminarily been assigned. \$520K was appropriated this year for road projects, and eighteen percent of estimated revenue was retained for surplus. The Council could re-appropriate two of the items if they don't like where the fund balances have been assigned: \$250K which is currently assigned for roads; and \$45K currently assigned for vehicle/equipment replacement. The total assigned fund balance which the City has at this time is \$1,659,301. Manager Warnke asked the Council if they wanted to make changes to the assigned Fund Balance. The City can't get along without doing vehicles. Maybe there will be enough money in the operating revenues to fund vehicles, but Manager Warnke said he wasn't so sure there would be. He recommended that, even if it requires using some of the fund balance this year to meet those payments, the City should do it.

Councilmember Deakin stated that the Council decided years ago that when the City received the Malt-O-Meal money, they were going to take care of the roads. He said he feared the City was going to dig itself a hole that they wouldn't be able to get out of, and that that was a worse hole than the vehicles. Manager Warnke said that \$250K was appropriated this year for road projects from the City's operating revenues. He asked if the Council wanted to appropriate additional funds for roads. Councilmember Deakin said that Director Fulgham was hoping for \$273K. Director Fulgham said he would work with whatever the Council can come up with for roads. Councilmember Wood expressed the opinion that, once the budget is all put together, the Council will have a better feel for how much money they will have, but that the City has to purchase some vehicles. Manager

Warnke agreed that once the first draft of the budget is put together the Council will be able to make more informed decisions. Mayor Fridal stated that it is obvious that some of the vehicles have to be replaced. There is no choice.

- Assigned Fund Balance: Parks Fund – Manager Warnke told the Council that \$176,962 has been assigned for a future capital parks projects. It has to be a project that increases capacity in the parks system; something that adds new green space. It is the City’s contribution for an existing park deficiency associated with the City enacting impact fees. It can not be used for repair or maintenance of existing parks. Councilmember Deakin asked if any locations have been chosen for additional parks. Manager Warnke replied that no locations have been selected. Councilmember Deakin asked if that was something the Planning Commission should be thinking about. Manager Warnke felt that would be a good idea. The Park Capital Facility Plan needs to be revisited because that is what is used to derive impact fees and that would identify the acreage of new park space actually needed. The future park should be made a planning project. The Staff has also talked about a retention pond, trying to consolidate storm water into retention basins so they are not one acre in size but are more regional and five acres in size so the City has the full use of park space.

Councilmember Deakin asked if the \$176K was impact fee money. Manager Warnke replied that it is not money which was collected from impact fees. It is money the City set aside from General Fund revenues because, when the Capital Facility Plan was derived and the impact fee analysis was done, it was determined that the City has a deficiency in the park system as far as the level of service that was wanted. Impact fees cannot be used to fund existing deficiencies. Impact fees can only be used to offset the impact of new growth.

The City is collecting park impact fees and that impact fee hasn’t been looked at since impact fees were first put in place. Councilmember Wood questioned whether the money collected for park impact fees could be used to improve some of the existing park sprinkler systems. Councilmember Holmgren agreed that this is a real need in City parks. Director Fulgham commented that the City can put all the water on parks they want, but without shade the parks are still going to go brown in the heat of the summer. He said that he doesn’t remember the irrigation system being that bad when it was installed. The problem is that the irrigations water is being pumped out of the Tremonton/Garland under drain water, and that water is slowly being depleted because homes are being built where the fields use to be. Not only do the parks compete for that water, but also the cemetery and the Stake Center also compete for it. Councilmember Holmgren commented that the reason trees are not growing over in Meadow Park is because the water is getting so low that the tree roots are not reaching it. If there is any way the City could structure some other way of deep watering it would help. Director Fulgham said that the way the system is set up they are unable to deep water the trees. A drip system using culinary water would have to be put in to water the trees.

- Assigned Fund Balance: Fire/EMS Fund – Manager Warnke said that \$47K has been assigned to Fund Balance for FY2011. It is always good to have a reserve for vehicle replacements, mainly ambulances.
- Bad Debt – Ambulance – Manager Warnke stated that while the Fire Fund has done well in its first year, ending with a \$90K surplus, the Staff is watching anxiously to see how well the fund does this year. One of the trends the Staff is seeing is that the bad debt is increasing. Councilmember Deakin asked if that had something to do with the economy or if the City needs to work more diligently to identify the problem. Manager Warnke pointed out that 46% of all bad debt the City writes off is attributed to out of state individuals, with 23% attributed to Tremonton City residents, 17% to Bear River Valley residents and 15% to people who live in other areas within the State of Utah.
- Percent and Amount of Ambulance Billing – Out of State individuals make up 10% of the total ambulance billing, or almost \$70K, but the City is writing off almost half of that amount in bad debt. Mayor Fridal said that he talked with former Mayor Weese about this recently. Mayor Weese advised that Plymouth has taken their bad debt to the County and asked the County to pay for it because they don't feel they should have to cover the bad debt for the County. The Council should pay close attention to what the County does.

Manager Warnke commented that he sees the revenue picture as such that the City needs to have a lot of diversity in it and try to get revenue from all different sources. Out of state people should pay their share of City services. The ambulance write-off data supports the fact that out of state people are receiving City services and at least half of them are not paying for the services received. It was Manager Warnke's recommendation that, at some point in the near future, the Council consider imposing a TRT (Transient Room) Tax. Councilmember Holmgren said he appreciated being brought this information. He was originally opposed to the TRT Tax, but this data sheds a whole new light on imposing the tax.

#### Facilities

- Senior Center Parking – Manager Warnke said he asked Senior Center Director Marion Layne to do a survey of parking at the Senior Center for the month of November to determine the usage and percent of parking lot capacity. Director Layne was asked to count the cars in the parking lot several times a day. The Council was provided a chart which showed the results of that survey. The parking exceeded the capacity on six days during the month. Two of those were special events: election voting (107%) and Thanksgiving dinner (189%). Manager Warnke said he could see a time in the future that more parking will be needed. The sooner the City can lock up land, the better off the City will be.

Director Fulgham prepared a sketch showing options for additional parking for the Senior Center. Manager Warnke stated that the City spent \$600K to \$700K on the Senior Center facility and it doesn't have adequate parking. This is a facility where the people who use it need good accessible parking. Councilmember Wood questioned whether there was that much parking at the old Senior Center. Director Fulgham replied that there was a lot more than they have now because the area where the Food Pantry building is was all parking along with a lot more on the street parking.

Councilmember Wood suggested approaching the owners of adjoining property to see if they would be willing to consider selling some property to the City.

- Senior Center Roof – Manager Warnke said that the Senior Center Roof needs to be replaced. There is some money set aside in a Capital Projects Fund. There is also the option of getting a CIB (Community Impact Board) Loan, but for the \$20,000 the roof would cost, it is probably not worth it. Director Layne's preference is to install a metal roof. Director Fulgham suggested that the air conditioning units be taken off the roof. They create problems because they require the use of platforms and holes have to be drilled into the roof. Public Works fixed the leaks on one side of the roof, but now the other side is beginning to fail. If the units are taken off, then a metal roof could be installed and not have to worry about it.
- Building Remodeling – Some of the City facilities are in great shape such as the Public Works Building, the Police Station, the Library, and the Senior Center, but the Fire Station and City Hall are approaching forty years old. It can be expected that some remodeling will need to be done to address the issues of aging facilities. This is not the most critical issue, but the asbestos ceilings are issues that can creep up in a hurry. The asbestos ceilings in the City Hall are in better shape, but the ones in the Fire Department are in worse shape and are starting to delaminate.

A sample of the ceiling from the City Hall was tested in the lab and it came back as being asbestos. It is believed that the Fire Department ceiling is also asbestos. The buildings were built at the same time and an asbestos inspector came and looked at the Fire Station ceiling and believes that it is asbestos, but a sampling has not been done on that ceiling.

Councilmember Wood asked if new sheetrock couldn't be installed over the top of the asbestos ceiling and then leave the asbestos in place. That would be the least expensive.

Manager Warnke told the Council that he just wants them to be aware that at some point it is going to be a pressing issue, and, most likely, a more pressing issue at the Fire Station. When the ceilings are done in the Fire Station, it would be best to do the ceilings in the City Hall at the same time. The work is estimated

to cost \$5.00 per square foot.

- Fund Balance: Capital Projects Fund – Manager Warnke said that he feels the reroofing of the Senior Center is something that needs to be done right away. The acquisition of land for parking at the Senior Center is in the City’s best interest. The City has some money (\$80,000) which can be collected from notes receivable from BRAG (Bear River Area Government). It is the money which was derived off of the sale of land for the City, so it should be put back into acquiring land for the City.

#### Infrastructure

- Impact Fees Comparison – Growth Cities – Manager Warnke stated that impact fees are an important part of the City’s revenue structure. When comparing Tremonton’s impact fees to those of Perry, Willard, Pleasant View, North Ogden, Plain City and West Haven, Tremonton’s impact fees are about \$3,100 less. Chris Breinholt, the City Engineer, is wrapping up an impact fee study for Storm Drain. The study suggests that the City should adopt an impact fee of about \$1,000 for storm water. That would leave the deficit in impact fees, as compared to other cities, at about \$2,120. The Council could consider increasing impact fees in other areas. There is a study that would have to be done to determine what the impact fees can be, and there is a public hearing process which would need to be followed to determine what the City is allowed to do by virtue of the study.
- Impact Fee Comparison – Bear River Valley – The comparison picture within Bear River Valley presents a little different picture. Though slightly lower, Tremonton is right on par with Elwood and Garland, but Elwood is a tough comparison because they are not as developed as Tremonton City. Elwood is going to be increasing their impact fee by about \$1,500 for the sewer.
- Updating Capital Facilities Plan – Manager Warnke recommended that the City consider updating the Capital Facilities Plans. The Park Plan hasn’t been done in thirteen or fourteen years. The costs associated with updating the various Capital Facilities Plans were provided to the Council. The Capital Facilities Plan is the foundation for the impact fee analysis, and those two documents are the foundation for the City’s Impact Fee Ordinance.
- Revenue Sources to Consider – Manager Warnke recommended that the Council adopt the TRT Tax. He also proposed and recommended that the Council adopt the draft Fee Schedule which includes adjustments in fees. If the Council has questions about the Fee Schedule or feels some fees are high, they can be changed, but fees for services are an important part of the City’s overall revenue structure. Manager Warnke suggested that, in the future, the fee structure be looked at on a yearly basis to see where the City is, where the City needs to be, and whether the costs are being covered.

Manager Warnke also recommended that, in the near future and once the impact fees are finalized, that the Council look at increasing the Storm Water Fee and the Sewer Collection Fee. The Audit Report indicated that those funds are starting to get a little bit behind. It is important that the City doesn't get behind on fees associated with those utilities.

Manager Warnke further recommended that the Council revisit the City Capital Facilities Plan and consider adopting impact fees for, potentially, transportation and some increase park impact fees. Manager Warnke stated that impact fees are not, necessarily on their own, going to pull the City out of the hole the City is in or bring the City to the point they want to be. They are, though, an important part of the overall revenue. There is a nexus that growth pays its share of the cost of infrastructure. The City has been able to do some water projects in part because of the impact fees collected. Maybe the Council will want to consider not adopting all the impact fees that could be adopted, but adopting higher impact fees for one or two of the facilities that the City really needs to work on.

Tremonton is growing at a two percent rate. Jody Hoffman, with the League of Cities and Towns (ULC&T) suggested in one of her presentations that if a municipality doesn't have growth of about four percent that the City does not adopt impact fees. It is hard for a city of Tremonton's size, with a low growth rate, to fund some of those facilities with impact fees. That is why Tremonton has always paid for the facilities and then reimbursed themselves for those expenses.

Manager Warnke said that it is important for the City Council to be very diligent in making sure the City has good diversity in its revenue stream and everyone is staying on top of those revenues. No one likes to hear about property tax increase, and there is some thought that the City has increased property taxes, but there are appropriate times to increase property tax. One is to make sure that the City is not so subject to sales tax and other elastic revenue sources. Property tax is a great stabilizer. Another good time to consider property tax is when inflation outpaces the revenue stream.

Manager Warnke stated that, in monitoring the budget this past year, a lot of the revenues kept pace with where it was thought they would be. The only expected influx of revenue is related to Malt-O-Meal. Sales taxes are looking better, but it would not be good for the City to make a spending plan based upon sales tax and the encouraging trend the City has seen within the past several months. That is why the Council should stay on top of the user fees with the utilities, consider the TRT to help offset some of the costs with public safety, and look at the proposed Fee Schedule and consider those fees. Some of the new fees on the Fee Schedule are fees that the City has always charged but were never added to the Schedule, and it has been years since some of the other fees have been increased.

Manager Warnke said that he is working on coming up with a storm water utility

and sewer fee. The purpose in splitting out all of the utilities into individual funds was to see how each fund operates and then make the adjustments necessary.

Mayor Fridal asked the Council to give Manager Warnke some direction on how to proceed. Councilmember Doutre expressed the opinion that the City needs to look at obtaining land for a parking lot at the Senior Center. Councilmember Deakin said that the Council needs to take care of the employee situation which was neglected last year and look at the roads. Mayor Fridal stated that Utah State employees have not had a raise for the past three years. Councilmember Wood commented that there are still a lot of tough times ahead. The City needs to curb its debt and live within its means. Mayor Fridal said that is what Tremonton City is doing. The City is living within its means. Sometimes if there have to be increases, as unpleasant as it is, it has to be done. People within the City complain that charges are too high, but if they want roads, and police departments, and ambulances, it has to be paid for. Councilmember Deakin said that it is a matter of providing the right level of service. Mayor Fridal responded that he isn't sure there is a right level of service. People complain if the City cuts back on services, and they complain if the fees are raised, but you can't have both. That is why we have a City Council: to make those kinds of decisions.

Manager Warnke asked for direction on implementing the TRT Tax. After some discussion, the Council agreed that the City should proceed with the tax.

**Motion by Councilmember Reese to move to Closed Session for the purpose of discussing pending or reasonable imminent litigation and the purchase of real property.** Motion seconded by Councilmember Doutre. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

The Council moved into closed session at 7:57 p.m.

3. **Closed session to discuss strategy for pending or reasonable imminent litigation and the purchase of real property.**

**Motion by Councilmember Deakin to return to open 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 Council moved to open session at 8:05 p.m.

4. Adjournment.

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

The meeting adjourned at 8:06 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 prepared by Norene Rawlings.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

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Darlene S. Hess, Recorder