

TREMONTON CITY CORPORATION
CITY COUNCIL MEETING
April 26, 2011

Members Present:

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

CITY COUNCIL MEETING AND BUDGET WORKSHOP

Mayor Fridal called the April 26, 2011 City Council Meeting and Budget Workshop to order at 6:01 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, Doutre, Holmgren, and Wood, City Manager Shawn Warnke, Recorder Darlene S. Hess, Police Chief David Nance, and Finance Director Curtis Roberts. Councilmember Reese was excused.

1. Discussion and approval of agenda.

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

Motion by Councilmember Doutre to approve the April 26, 2011 agenda. Motion seconded by Councilmember Holmgren. Vote: Councilmember Deakin, Councilmember Doutre - aye, Councilmember Holmgren - aye, and Councilmember Wood - aye. Motion approved.

2. Discussion of the FY 2011-2012 Budget for Tremonton City including all funds

City Manager Warnke said that the RDA funds that were expected to come out this year will not be coming out until next year. That wouldn't be a problem except the City has a \$243,000 added expense for the funding of UTOPIA. This is the first full year the RDA is taking all of our debt associated with that pledge. \$75,000 is coming from RDA #3. Some of the increment is being used, but the balance has to come out of the City's General Fund. This makes the budget a little more difficult this year.

The only way to make up that much ground is to either appropriate Fund Balance or to delay some of the road projects. Fund Balance could be used to do road projects, but Manager Warnke said his understanding is that the cost of oil is pretty high right now. It might be good to wait to see where the prices are next year.

The current status of the General Fund Budget requires appropriating \$23,631 from the Fund Balance. It is a relatively small amount. Another option would be to raise Revenue slightly to cover this amount. This budget does not include the road projects.

Manager Warnke stated that it is more and more difficult to prepare the budget because City costs are increasing but the Revenue is not. Some of those increases in costs include the mowing contract, the increasing cost of gas, employee raises, medical expenses, and the UTOPIA obligation which will continue to increase 2% every year. There will be additional RDA funds next year which will take care of the UTOPIA obligation with a little left over, but not much.

The Council needs to try to take care of the City's destiny by looking at alternative revenue streams. Another thought is to cut expenses, but there just aren't many areas where this can be done. If the City cuts expenses, they are really cutting services provided. It would be hard to try to cut services.

Councilmember Wood mentioned that the Police Budget is the biggest part of the City Budget. Perhaps the officer who is working full time for the County Strike Force could be brought back. You hate to start downsizing, but that may be an option.

Councilmember Doutre commented that Director Fulgham had some good foresight last year because he did four roads for the price of one and the City got a little bit ahead of the schedule. Manager Warnke replied that Director Fulgham didn't think the roads would be any worse off by waiting a year, however, the recent T² report indicates that the City road projects are falling behind.

Councilmember Doutre asked why the Concession Stand Wages (10-72-101) increased so much. Manager Warnke said he would look into that. There is one person for whom the City is paying unemployment and that is being charged to the Concession Stand Wages line item.

Manager Warnke mentioned that there are some operating costs which are infrequent. This past year the City has worked on updating the computer network and there is a new server coming which will be very helpful. \$15,000 is budgeted this year to upgrade the City software. The telephone lease (\$15,098) will be paid off this coming year, and the Election Budget (\$11,000) hits the City this next year. Also, \$8,000 has been appropriated for a computer network at the Library. The Library server is getting old.

There are some items which have been deleted from the Budget:

- \$4,000 10-41-463 CLG Grant Match
- \$6,000 10-54-720 Building Improvement
- \$7,000 10-60-320 Engineering (Roads)
- \$10,000 10-60-540 Hoe Upgrade
- \$1,000 10-60-556 Drop Edges
- \$252,000 10-61-200 B & C Road
- \$4,700 10-66-263 Public Address System
- \$1,000 10-69-268 Trees
- \$10,000 10-72-700 Equipment Purchase (Field Prep Machine)

In addition, the requests on some line items have been pared down.

Due to the safety issue, about \$3,500 is budgeted for the mirrors on the Senior Center bus. A requested quote for this item has not been received, so the mirrors may not cost that much. The mirrors have to be installed by a certified person.

The lease of three new police vehicles is being proposed for this year's Budget.

New items in the Budget include:

- The salary survey recommendations are currently included in the budget.

This adjusts the lower wage earners of the City: a lot of part-time and about four or five full time employees. This favors those employees who have been here the least amount of time. It is the most economical way to do it. Manager Warnke said he would e-mail the list of increases to the Council.

Councilmember Doutre asked why the budgets for the Fire Department wages were increased so much. They are up one-third from the previous year. Manager Warnke replied that, when budgeting, he likes to over estimate the expenditures slightly and under estimate the revenue to allow for a worse case scenario. There is no way of knowing how many fire calls they will need to respond to. Councilmember Doutre pointed out that even the front office wage for the ambulance has been increased. Manager Warnke said that some of those changes are based upon what is actually being seen since the Fire Department/Ambulance Department was split out from the General Fund a couple of years ago. It is Manager Warnke's hope that the Fire Department and Ambulance wages will come in under budget. The recommended budget has been reduced from the budget requested by Fire Chief Batis.

Councilmembers Deakin and Wood expressed concern that the Department Heads might think they have that additional budget and, therefore, need to spend it. Manager Warnke replied that the City has good Department Heads. After working with them for a couple of years, he doesn't have that concern.

Manager Warnke suggested that the Council consider the Salary Survey, realizing that it could take a couple of years to fully implement the recommended wage changes. It is important to keep the employees feeling good about their employment. Otherwise, morale can drop and low morale takes a toll.

Mayor Fridal asked if the Department Heads set the individual salaries for the employees within their departments. Chief Nance replied that the only control he has is over merit raises. Everything else is determined by the grade level the employee is on. Manager Warnke said that this brings up a topic that should be discussed. When a police officer has worked for two years, he/she is bumped up from an Officer I to an Officer II. In Public Works, when an employee gets their

certifications, their wages are automatically increased. Department Heads have commented that, in the past, when an employee completes their probationary period they have received an increase. They probably should receive an increase at that time in order to be on par with some of these other automatic increases that occur.

Initially, the City's Health Insurance Consultant recommended that the City budget for a 15% increase for the coming fiscal year. However, it looks like the increase is going to come in at 7.8%. Currently, nothing has been budgeted for COLA/Merit increases, but Manager Warnke pointed out that an 8% increase in health insurance would translate into a \$31,000 annual savings from the budgeted amount. This could provide an opportunity to give a little COLA or Merit increase. Should the Council wish to grant an increase for all employees, the cost would be as follows:

- 1% COLA/Merit = \$20,435
- 2% COLA/Merit = \$40,870
- 3% COLA/Merit = \$61,305

Councilmember Holmgren stated that Utah State University had a similar situation where there was a savings on health insurance. What the University did was to give a one-time payout to their employees. There were no salary increases for the employees last year. He wondered if the Council couldn't at least give a one-time bonus to employees this year.

Councilmember Deakin commented that the employees could be given a 1.5% COLA increase, without affecting the budget. Manager Warnke said that it actually has a compounding effect. When salaries are increased it also increases retirement, disability, taxes, etc. Councilmember Holmgren said that is why he is wondering about a one-time bonus.

Councilmember Wood said that, beginning in January, all employees are getting a 2% increase due to the fact that they won't be paying so much in Social Security. Manager Warnke said he would provide the Council with the spreadsheet which shows what is being proposed as increases for some of the part-time employees and low wage earners. Some of these wages jump as much as \$2 per hour which means that they were placed too low in the grade.

Manager Warnke said that he is going to try to include the COLA in the Budget so wages don't continue to lose ground. Increasing the wages of the lower wage earners is already included in the budget. Councilmember Wood asked Finance Director Roberts what other Cities are doing. Director Roberts replied that the other cities he has worked with are in the recovery mode and are trying to budget some kind of COLA increase. There are a lot of salary studies and area Cost of Living analysis studies being done. The March, 2010 through March, 2011 report for this area shows that Cost of Living has increased by 2.7%, so a lot of the cities

are looking at whether they can keep up with the Cost of Living

Director Roberts said that he is fairly optimistic about Sales Tax. Fuel taxes are going up and, as those prices increase, the City will see a benefit. Also, people may choose to shop locally rather than driving distances with the higher fuel costs. Mayor Fridal commented that he had visited with the owner of a local business. He has been in business for seventeen years, and this past month was the best month he has ever had. The last three or four months have shown a steady increase.

Councilmember Wood stated that he wouldn't want to see more than a 1% COLA/Merit increase, but he is okay with 1%.

Councilmember Deakin said it is hard to know what level of service is appropriate. Whenever the Council tries to cut anything, the people affected complain. However, the general public doesn't give any feedback as to the level of service they want. There are some things Tremonton provides that other cities don't. There are some things the City does which benefit the entire valley. He suggested that the Council think about the full level of service the City provides.

Councilmember Holmgren thought it would help the Council and the citizens to have understandable charts which show the revenue stream and the expense stream and the consequences over time if the revenue stream is not maintained. Councilmember Wood commented that people would prefer to have services cut as opposed to increasing fees and taxes. It is a matter of educating people.

Councilmember Deakin said that the question is whether the City should tap the Reserve, change the revenue stream, or change the level of service. The next questions would be who and what should be cut. Manager Warnke said there is some benchmark data available wherein Tremonton has benchmarked themselves against other cities. He will try to obtain that information.

Councilmember Deakin stated that the City can clearly make it work this year. What needs to be decided is where the City wants to be. Does the City want to provide more services, more trails, more recreation, more senior programs, more library service, more police protection, or less? Councilmember Wood said that no one wants more Government involvement. Rather than increase the level of services, the City should maintain or cut back a little bit.

Mayor Fridal advised the Council to be careful. Cutting benefits and services will also cut new growth. The Council needs to look to the future if they want Tremonton to be a successful, vibrant community.

Finance Director Roberts commented that a few years ago the Council looked at some broad range goals which they wanted the budget to accomplish. Coming to a consensus on goals is what will give the City Manager a perspective on what he

needs to do to meet those goals.

Manager Warnke said that this budget is pretty well set. He suggested that the Council discuss these things more in the future. What he sees is costs increasing without increases in revenue. There are infrastructure items which need to be addressed or the problems are only going to get bigger with time. He asked the Council to reconsider the Fee Schedule. It will be discussed more in the future.

- Allocation of Expense

This budget includes administrative fees. The City has always tried to allocate the actual costs of benefits realized by other funds. For example, all personnel costs are spread among the other funds. One thing that hasn't been done is the allocation of Civic Center expenses to other funds for things such as ambulance billing, a lot of the utility, and the Court. When he was at Eagle Mountain, Manager Warnke said they actual built City Hall based upon a utility revenue bond because that is where the utility billing office was located. This budget includes spreading a proportionate share of City Hall costs among the different funds. This allocation has also been done for the telephone system debt service and for network improvements. It is estimated that this will amount to \$22,000 in administrative fees. This will be helpful as the Civic Center is aging and each fund should pay its proportionate share of improvements.

- Transient Room Tax

Councilmember Deakin questioned passing on to the Fire Department all of the estimated \$15,000 in budgeted revenue from the Transient Room Tax. He felt the Police Department should get a share of that revenue. Manager Warnke said it was budgeted this way because the Fire Department is really struggling, and he felt it should be used to offset some of the bad debt the ambulance service experiences. Some of that revenue should come to the General Fund as the Fire Department Fund becomes healthier.

- City Paying City Utilities

Various City departments have been paying a share of the City utilities based upon a best estimate Director Fulgham provided. Now, meters have been installed and the estimate has been revised for fiscal year 2012. Wastewater is a lot higher than was originally estimated. This cost is shared with Garland City. If they are going to pay that cost, it has to be in the budget. The Sewer Treatment Plant needs some appropriation from the Fund Balance. This way each fund pays its own way.

- Budget Items of Note

One of the new added expenses to the Budget is \$500 for SWAT services (10-54-

371). Rather than having to contribute human resources, the City will pay them a flat \$500 per year. Chief Nance explained that, if the City were to designate an officer as a member of the SWAT team, the annual \$500 fee could be saved. Having a member on the team would require the City to pay for the officer's training expenses. This would consist of four hours training every two weeks. The Police Department pretty much has all of the equipment required. It would be easier to just pay the \$500 instead of having to juggle employee schedules to accommodate an officer being away for training. On the other hand, the training is very good training which can be brought back to help train the other officers.

- Not Finalized

The Utah Local Governments Trust (ULGT) insurance rates might be adjusted. The Staff is waiting to get the final premium costs. There is an interloan fund between the Water Fund and the RDA. This will give the City a head start in the event a new business wants to come into the City. Revenue projections will continue to be watched based upon the current year.

- Fire Department Fund

\$46,774 is currently being appropriated from the Fund Balance to the Fire Department Fund. This essentially wipes out their accrued Fund Balance. The FY 2011 Budget currently proposes budgeting \$47,936 to come from Fund Balance. Chief Batis believes that he could still finish the year strong. He feels he has made most of his purchases for the current year. The Fund is not covering its operating costs and it is not building Fund Balance for vehicle replacement. The Council needs to consider whether or not the City should make a contribution for fire fighting services. Right now, the Ambulance service is bearing the burden for fire protection. This new fund will continue to be watched, but it is an issue that will need to be addressed soon. They can only go one more year at this pace.

- Capital Projects Fund

There is \$40,000 in the Capital Projects Fund. At some point in time, a seal coat needs to be put on the trail at Jeanie Stevens Park. The parking lot is going to need a seal coat, as well. Oil costs are high, so it may be best not to do it during this construction season, but it may be advantageous for the City to do it in the spring rather than allowing these surfaces to become damaged. \$40,000 has been budgeted for this project.

- Water Fund

The current balance that is being proposed is \$926,000 coming from Fund Balance. The Fund Balance is pretty healthy. The \$926,000 is based upon \$1,100,000 for a new 2M gallon water tank. It also includes a proposed new truck. Councilmember Deakin asked Director Roberts if there is a minimum or

maximum fund balance which needs to be maintained in an Enterprise Fund. Director Roberts replied that there is not.

Director Roberts said that the Water Fund has built enough fund balance so that the water tank could be cash flowed without having to take on debt. Impact fees would then be used in future years to build the cash balance back up so another large project could be done. In theory, it would take twelve to thirteen years to recover the cost. It is projected that the next major line upgrade will need to be done in six years, depending upon growth. Director Roberts recommended that the maximum tank capacity be built and that it be funded with cash.

Public Works also needs a vehicle. Director Roberts stated that there is enough cash to fund \$30,000 for the new truck, as well. Councilmember Wood asked what that would leave in the Fund Balance. Director Roberts explained that for this Fund he looks at what the lowest projected cash flow will be before it starts building back up. Initially, indications indicate that the cash flow shouldn't go below \$600,000 which is a safe cushion in case something did happen. Director Roberts also looks at what the City's borrowing capacity would be in case of an emergency. Because there is no debt in the water fund, the City would not be in an unfavorable position should they need to borrow money from a bank.

- Treatment Plant Fund – Manager Warnke explained that \$106,951 is being appropriated from Fund Balance. There is some concern. Depreciation is not set in any of these Funds. The figures being used are a best estimate. The new Salsnes filter depreciation is being estimated at \$65,000 with a projected ten year depreciation life. That is a new expense which needs to be budgeted for. The cost of polymer was up this year. The budget had to be amended this year for polymer as well as for plant sludge removal expenses. Manager Warnke is still checking to see where the Treatment Plant is with water costs. This Fund needs to be watched.
- Sewer Fund – The Sewer Fund and the Water Treatment Fund were recently split from the Water Utility Fund. As was expected, the overall revenue structure was helping to subsidize some of these costs. This year \$11,750 was appropriated from reserves for the Sewer Fund. It is estimated that about \$30K will need to be appropriated from the Fund Balance this next budget year. This Fund has some aging infrastructure. Some road projects are going to require that some of the sewer collection lines be fixed as it doesn't make sense to build new roads on top of old sewer lines.

There is a lot of liability associated with sewer. The City has paid out a couple of claims already this year. The City puts a lot of maintenance into cleaning out the sewer lines to minimize the risk of plugs. The City has a really good maintenance schedule. As a result, Utah Local Government's Trust (ULGT) reports that Tremonton is better than most communities. The City does not want to cut back on the personnel in this Fund. There is a need to purchase new equipment for the

Sewer Department.

Manager Warnke proposed that the City contemplate and, at some point, adopt an increase in sewer collection fees. The current fee is \$3.75 per month. The proposed fee is between \$5.50 and \$7.20. The closer to \$7.20 the fee is set, the less frequently the rates will need to be adjusted. This would result in an increase of between \$1.75 and \$3.45 over the current rate. Manager Warnke provided information showing what the monthly and annual revenues would be based upon the current fee of \$3.75 per month, \$5.50 per month, and \$7.20 per month, as well as the annual expenditures for the Sewer Collection System Fund.

Director Roberts explained that he did an analysis on a potential increase. His analysis was based upon return on assets and what it would take to build up enough cash to replace those assets over time allowing for inflation. This would be a 2% to 4% return on assets. The farther the percentage gets above 4%, the less the likelihood the City would have to borrow money.

Director Fulgham's budget includes some construction projects for aging infrastructure - cleaning equipment which is needed now and will continue to be needed in the future to make sure the lines are clear and sewer plugs don't occur. An increase to \$7.20 would meet his budget. Anything less would require a decrease in what he is proposing for expenses.

- Storm Water Fund – Approximately \$70,000 will be taken from Fund Balance this year. The Storm Water Fund does not have a Fund Balance because it was separated out from the Water Fund, so it will actually be borrowing from pooled cash. This upcoming year \$30K is being budgeted to be appropriated from Fund Balance. The depreciation on this fund alone is close to \$35K. The revenue generated is anywhere between \$35K and \$40K, so it is obvious that this Fund is in trouble. The current storm water fee is \$1.30 per month. That fee is based upon keeping a fee once a water debt was retired. The fee was never based upon the actual services provided or what the Fund actually needed.

It would be very beneficial for the City to have enough capital to be able to purchase more equipment, but, more importantly, to be able to participate with developers when they do storm water projects. Each developer is required to retain their storm water on site. When the City doesn't have money to participate in these projects, the result is half or one acre retention ponds that are just a green patch of grass that doesn't provide real benefit. If the City had the capital at the time the developer is developing his pond, the City could upsize that pond. The City now has a Storm Water Plan, so the City knows approximately where some of these regional basins are needed. Basins of five or six acres in size could then be planned which would provide not only for detention, but could also be a park or recreation spot. The cost would be reduced and then shared between the Storm Water Fund and the General Fund. Manager Warnke said that the City would participate by purchasing additional property which is located in those areas

where the additional basins are needed.

Manager Warnke explained that budgeted revenues are based upon current fees. Director Fulgham's budget includes \$100,000 to be accumulated each year for use on larger projects. The City is in the process of contemplating adopting a \$1,000 maximum Storm Water Impact Fee. Impact fees can't be used against existing deficits. Right now, the City is averaging twenty-six building permits per year. This would only generate about \$26K per year in growth related impact fees. Money generated from impact fees has to be expended within six years. It is recommended that the new fee for Storm Water be set at between \$4.00 and \$6.58 per month. This would represent an increase of between \$2.70 and \$5.28 per month.

A list was provided showing the storm water fees being charged by other cities in the vicinity. When a city reaches a population of 10,000, the EPA requirements are more stringent. Tremonton's population is getting closer to that figure, so this issue is only going to get bigger. The average storm water fee from the other cities is about \$5.00 per month.

The combined sewer/storm water increase would range between \$4.45 and \$8.73 per month.

Director Roberts commented that, if something needed to be done in the Sewer Collections Fund or the Storm Water Fund, the opportunity to borrow money isn't there. The Council would be forced to raise the rates and there would only be one or two lending sources that would even consider lending money to the City. This is because, due to the amount of money generated in those funds as compared to the typical expenses being incurred, the financial structure would not be enough to generate the rate of return a financial institution would require. In order to generate that rate of return, they would mandate the City to increase the fees.

Mayor Fridal asked if it isn't wise to increase fees a little bit from time to time instead of waiting until your back is against the wall and it becomes necessary to increase fees significantly. Director Roberts said he maintains the stance that fees should always be set to make the fund operate as healthy as possible, providing for the replacement of infrastructure as it wears out. If a fund structure is created which generates about a 4% rate of return, a healthy fund will be created over time. The Sewer Fund isn't even close to 4%. The Storm Water Fund has been operating at a deficit. It is in a horrible condition. That is why the proposed increase in the Storm Water Fund is much higher than the proposed increase in the Sewer Collection System. By making the Funds healthy, the bonding capacity will naturally be solved.

Councilmember Wood commented that the Storm Water Fund has only been in existence for a year. Director Roberts replied that it has only been separated for a year, but it was hidden within the Utility Fund and was being a drain on what the

Utility had for operating cash. By splitting it out, it became evident that the Fund's fee structure was not enough to cover the costs of service which are actually occurring. If this Fund were a standalone business, it would go bankrupt. The \$70,000 budgeted to be appropriated from pooled cash is actually borrowed money from another Fund, and the Storm Water Fund does not currently have the capability to repay that loan. Manager Warnke commented that the longer the City waits on these issues the bigger the increase will be and the larger the deficit will become.

Mayor Fridal asked when the Council needed to make a decision. Manager Warnke said the sooner a decision is made, the better. Mayor Fridal asked the Council if there was any need to procrastinate. Councilmember Deakin said that he can see there is a problem. The current budget for the Fund is \$62K. Increasing the fee to \$4.00 would generate \$130K, or about twice what the Fund needs. Based upon the current budget, it doesn't provide for funds for projects going into the future. Director Roberts commented that, in addition, it would not create a healthy fund. Councilmember Wood said that it is tough to increase it that much.

Councilmember Doure asked, if the Council were to approve the minimum fee increase, how long the City would have to put funds away before something happened. Director Roberts stated that the likelihood of something breaking in the Storm Drain Fund is less than it is in the Sewer Collection Fund, but the drains still have to be kept cleaned out. He plans to talk with Director Fulgham to see how concerned he is about the infrastructure collapsing or having something break. Director Roberts is not sure that all the infrastructure is new because some of it is under old roads, and the old concrete culverts can be a problem. The infrastructure could possibly make it three years. The biggest point is that, if the City has a project it needs to do, hardly anything is being built up to fund the project. He said he is talking about projects like building a new road and wanting to put in a new culvert for the storm drain and replacing the sewer line.

Councilmember Doure asked Director Roberts what he would recommend. Director Roberts replied that he would not go below the minimum amount. That is what it would take to make the Fund healthy. Director Fulgham's projections are based upon increasing to the maximum proposed fee. His projections are what he feels it would take to really make the Funds run and satisfy all of the budget needs. Director Roberts' projections are based upon what it would take just to bring the Fund up to where it could develop at a healthy level. If the rates are brought up to the minimum, the rates could last as long as ten or twelve years. If the rates are only raised enough to break even, they will need to be raised again in two or three years.

Councilmembers discussed the rate increase, expressing the desire not to increase the rates more than the minimum proposed amount, and whether or not to hold a public hearing. It was decided to hold a public hearing at the May 17th meeting.

3. Discussion and consideration of approving the size of the proposed water tank to be designed and constructed as a two million gallon tank

Motion by Councilmember Wood to build a two million gallon water tank on the City facility on the east bench. Motion seconded by Councilmember Holmgren. Vote: Councilmember Deakin – aye, Councilmember Doutre - aye, Councilmember Holmgren – aye, and Councilmember Wood - aye. Motion approved.

4. Discussion and consideration of authorizing the Police Chief to pre-order police vehicles with no obligation for the City to purchase the vehicles

Chief Nance explained that 2011 Dodge vehicles will only be available until May 29th. He requested permission to place an order contingent upon the City Council passing the budget. The local Dodge dealership has given the City a really good rate on the vehicles. Councilmember Wood asked if there have been any problems with the Dodge Chargers. Chief Nance replied that the biggest problem has been the brakes. According to the manufacturer, there was a major redesign of the brake system on the 2011 model. The Dodge warranty on the engine and drive train is better than most.

Manager Warnke told the Council that \$90K has been budgeted for three new vehicles. Chief Nance explained that the purchase price is \$25K per vehicle and the rest is for equipment. Councilmember Wood asked if the Police Department needs all three vehicles. Chief Nance replied that two of the replacements would be for vehicles that should have been replaced last year. Close to \$5K has been put into those two vehicles for repairs in the past year.

Motion by Councilmember Holmgren to give Chief Nance authorization to order three vehicles without an obligation to buy and upon condition of the City Council's approval of the budget. Motion seconded by Councilmember Doutre. Vote: Councilmember Deakin - aye, Councilmember Doutre, Councilmember Holmgren - aye, and Councilmember Wood - aye. Motion approved.

5. Discussion of a proposed increase in Sewer Collection Utility Rates

Tabled until the May 17th meeting when a Public Hearing will be held.

6. Discussion of a proposed increase in Storm Water Collection Utility Rates

Tabled until the May 17th meeting when a Public Hearing will be held.

Manager Warnke summarized the direction as he understood it:

- Keep the increases as a result of the Salary Survey. Data showing the actual increases an employee will receive will be provide to each Councilmember.
- City paying utilities will be at Manager Warnke's discretion.
- Manager Warnke said he was not clear what direction the Council wanted to go for COLA's. Councilmembers Holmgren and Wood agreed to a 1% COLA increase for all employees. Councilmember Deakin suggested, if it was going to

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be that small of an amount, that it be a merit increase instead of a COLA and allow the Managers to use their discretion in who should receive it. He said he would be inclined to give a little more if the money is actually saved on the health insurance. Councilmember Wood said he wouldn't be able to go more than 1%. The employees are still going to receive a 7.5% increase on their health insurance. Director Roberts clarified that it is a 7.5% off the benefit. When considering the overall compensation it is more in the range of 2%.

Councilmember Deakin stated that he is a little bit uncomfortable with not doing the road projects. If the sales tax comes up, the City should resume the road projects.

Councilmember Deakin asked where the Council needed to be for the Earthquake Drill scheduled for tomorrow. Chief Nance explained that, due to not receiving much response from City Councils, it was decided to leave out the EOCs (Emergency Operations Centers). The Council is welcome to come and observe, but will no longer need to participate. The drill will take place behind the high school at 3:30 p.m.

Mayor Fridal expressed his appreciation to the Council and Staff. Preparing the budget is stressful and a lot of work.

7. Adjournment.

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

The meeting adjourned at 8:19 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.

Darlene S. Hess, Recorder