

**TREMONTON CITY CORPORATION
CITY COUNCIL MEETING
September 27, 2011**

Members Present:

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

CITY COUNCIL MEETING AND BUDGET WORKSHOP

Mayor Fridal called the September 27, 2011 City Council Meeting and 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, Doutre, Holmgren, Reese, and Wood, City Manager Shawn Warnke, Recorder Darlene S. Hess, Public Works Director Paul Fulgham, Emergency Management Coordinator Jim Hiss, Police Chief David Nance, and Treasurer Sharri Oyler.

1. Opening Ceremony.

Mayor Fridal informed the audience that he had received no written or oral request to participate in the Opening Ceremony. He asked anyone who may be offended by listening to a prayer to step out into the lobby for this portion of the meeting. The prayer was offered by Treasurer Oyler and the Pledge of Allegiance was led by Police Chief Nance.

2. Discussion and approval of agenda.

Motion by Councilmember Holmgren to approve the September 27, 2011 agenda. Motion seconded by Councilmember Deakin. Vote: Councilmember Deakin, Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

3. New Council Business:

- a. Discussion and consideration of adopting Resolution 11-51 approving a land donation agreement between Tremonton City (Donee) and Lynn H. and Christy H. Richards (Donors) for a 0.60 acre parcel of land located at 102 North 300 East

Manager Warnke stated that when the Richards donated a piece of property they mentioned that they had another piece of property that they would donate as well. It is a forty foot wide piece of property that borders 300 East and could potentially

be used as part of the City's trail system. The Richards have signed the deed and the agreement so it is ready for the Council's approval.

Motion by Councilmember Wood to adopt Resolution No. 11-51. Motion seconded by Councilmember Holmgren. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

- b. Discussion of the City Council's attendance at the Maryland Emergency Management Institute in May of 2012

Jim Hess, Emergency Management Coordinator, presented letters of invitation to each of the Council Members to attend the Maryland Emergency Management Institute in Emmitsburg, Maryland, for a training class on Emergency Operation Centers. The trainers at EMI will come to Utah about two months before the class to take pictures and have discussions so that, when the Council goes to Emmitsburg, they will receive the type of instruction that will fit the area.

The City has been approved for twelve slots. Each of the elected officials is invited to go. The cost is \$94 per person for the meal ticket. All meals and snacks will be provided. The City will need to pay the airfare upfront, then FEMA (Federal Emergency Management Agency) will reimburse the City.

Participants are required to take a modified FEMA course. The class can be taken November 8th from 8:00 a.m. to 5:00 p.m. at the ambulance building in Brigham City, or in the evening on November 8th and 10th from 5:30 p.m. to 10:00 p.m. This is a basic course to help participants understand what an EOC (Emergency Operation Center) is and how that works with the incident command.

A couple of other slots have been opened, so there could be slots for as many as fifteen people to go to Emmitsburg from Tremonton. In addition to representation from Tremonton City (14-15), Brigham City (15), Garland (10), Box Elder County (12), there will also be County participation from each of the hospitals (2), two people from the Health Department, and two from the School District. At least one individual will be invited from Willard and one from Howell.

The class starts Monday morning at 8:00 a.m., so the group will fly out on Sunday morning and then return Friday afternoon. The class wraps up Thursday evening.

At a minimum, the following will be attending from the City: Chief Nance, Chief Batis, Manager Warnke, Coordinator Hess, Director Fulgham, and Zoning Administrator/Building Inspector Bench. The event the class will focus on is an earthquake. If any of the Council is unable to attend, those slots will be filled by other positions within the City.

Coordinator Hess will need to be notified by October 14th as to whether or not Councilmembers will be attending. Mayor Fridal and Councilmembers Deakin and Doutre said that they will be going to Emmitsburg.

Motion by Councilmember Holmgren at 6:20 p.m. to move to closed session. Second by Councilmember Reese, Vote: Councilmember Deakin - aye, Councilmember Doutre - aye,

Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye.
Motion approved.

4. ***Closed session for a strategy session to discuss collective bargaining and to discuss Pending litigation***

Motion by Councilmember Reese at 6:52 p.m. to return to open meeting. Second by Councilmember Doutre, Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye.
Motion approved.

5. **Budget Workshop**

a. **Discussion regarding reducing expenditures and increasing revenue in all Funds**

Councilmember Reese complimented Manager Warnke on the fantastic spreadsheet he put together and recognized the amount of work that was put into it. The Mayor and other Councilmembers agreed.

Mayor Fridal referred the Council to the Decision Making Tree flow chart and asked Manager Warnke if he had an opinion as to what would happen if the City stays with the status quo. Manager Warnke replied that cost will continue to increase. Revenue has been decreasing, though sales tax is starting to increase a little. If the City doesn't take any action, it will eventually lead into cutting into the City's Fund Balance. The way that the City has been budgeting is to be conservative on City revenues and overestimate expenses. This has proven to be helpful in accumulating Fund Balance. The Council agreed that this is a good budgeting approach and expressed the desire to continue with this budget approach.

Councilmember Deakin said that he is not for voting for status quo. He feels it is time to vote for action, but, in thinking about the other side he thought about what the arguments might be for status quo. First, the City is sitting on \$4.6M in cash which means that the City is not in a desperate situation. Clearly, if something isn't done, it will require cutting into the \$4.6M. Councilmember Reese pointed out that the \$4.6M does not include the expenditures for the water tank.

The second argument Councilmember Deakin mentioned is that, at the end of the last fiscal year, the City came in at \$171K in the positive however, this figure does not include the 13th period adjustments which will include the UTOPIA payment. Still, the City is ahead of where the Council thought the City would be as far as the budget goes. The Fire Department also came in to the positive. Looking at it, the City is not in a desperate situation.

Councilmember Wood expressed concern about having all that money in the bank that is not insured. The City could take some of that money and pay off some of the City's indebtedness, such as the Senior Center, the street sweeper, maybe the road on 2000 West. Doing so would save the City over \$66,000 a year in interest. The interest the City is getting on the money in the bank is not that much. It is foolish to have money sitting in the bank while the City is paying that kind of interest rates.

Mayor Fridal called the Council's attention back to the Decision Making Tree and asked if anyone was comfortable with staying with the status quo. Councilmember Deakin said that he is ready to go down the action path. Councilmembers Reese and Holmgren said that they are not ready to make that decision until they look at the whole picture.

Mayor Fridal stated that for several months Manager Warnke has talked to the Council about what will happen if the City maintains the status quo. The general trend is that the income is going down and the expenses are creeping up. Even if the income were to stay even, if the expenses continue to go up the City will cross that line where it is no longer financially healthy. There are a couple of Funds within the City that are really doing poorly (the Sewer and the Storm Drain). The Council can stick their head in the sand and move on and say that this will correct itself.

Mayor Fridal asked the Council to think on what type of actions could be taken if the Council were to decide to do something other than the status quo.

Councilmember Deakin stated that there are three options proposed: increase revenues, cut expenses, or do some combination of both. He said that he is about 80% in favor of cutting expenses with about 20% in favor of increasing fees.

Some of the areas where expenses could be cut were discussed. Councilmember Deakin stated that the former activity of the Planning Commission, and building inspections is not happening right now. To say that the revenue should be increased is an interesting way to look at it when there is no work there. The Zoning Administrator needs to be retained, but there are a lot of part-time people whose work he could pick up if necessary. Councilmember Deakin said that he just can't justify saying "we are not making it so let's increase revenue" when the work simply is not there like it was in the past. When the work isn't there, you change the number of people that are doing it.

Councilmember Holmgren said that the only thing he worries about is that, at some point, things will pick up again and the Planning Commission will once again have things to do. The City needs to do what they can to keep the key individuals. Councilmember Deakin agreed. He said he has thought about it a lot and could discuss specifics sometime.

Councilmember Reese asked Councilmember Deakin what he thought about Parks and Recreation. Councilmember Deakin said that that is one area where the services could be paid for by the fees charged rather than taking it out of the General Fund.

Councilmember Holmgren stated that he has looked at the Parks and Recreation and asked if the contract mowing is something the City Staff could take on. Director Fulgham said that he has looked at that in detail. By the time the City buys or leases the equipment and then hires people to do the job, it isn't worth it. It would mean hiring seasonal people, then, when the season ends, they will file to collect unemployment and the City will still be paying 60% of their wages.

Councilmember Doutre called attention to the City's donation to the New Hope Crisis Center. She stated that in 2005 two rapes were reported in the County; last year there were seventy-eight. The opening of another New Hope Crisis Center in Tremonton is being considered. She encouraged the Council not to cut the City's donation to this group.

Councilmember Reese asked if it is abnormal for the Library to cost the City that much (\$99,400). Councilmember Deakin said that at a prior time when the City had more money, the Librarian came to the Council and said that it is not safe for the Library to have just one Librarian in the Library, so the Council gave them the okay to always have two Librarians for each shift. Councilmember Holmgren interjected that he has spent the last couple of weeks at the Library and those Librarians are busy. Councilmember Reese said that the Council has a choice of either not having the second person or increasing the fees that are charged at the Library.

Councilmember Holmgren commented that the Council is trying to see if the fees can offset the costs, but he does not think there is any way that the \$99K shortfall can be covered by increased fees. Councilmember Reese agreed, but each change helps. The Council needs to look at each area to see where it can be tweaked.

Councilmember Wood said that the two biggest departments the City has are the Police and Recreation. Chief Nance commented that the Council needs to decide what services they want to provide. The Council needs to decide if they want to provide public service type things such as demonstrations at fairs and talks at Cub Scouts, schools, and other community events. Councilmember Reese recommended that every department look at their organization and ask if there is something they can possibly do without.

Manager Warnke added that he feels Chief Nance is right. One of the things Manager Warnke does when he works with the Department Heads, when a budget is presented, is to try to identify areas that could provide savings. If the Council is asking him to work with the Department Heads to find savings, he feels they will find limited savings without the City Council saying that they want to cut a service.

Councilmember Deakin said that the Tremonton City provides a lot of services for the rest of the County and the other cities are willing to take from Tremonton whatever Tremonton is willing to give them. The City has dealt with the problem for fire, but the fact that Tremonton City provides twenty-four hour police coverage means that if something happens during the night in this part of the County, they are going to call out a Tremonton police officer because the Garland officer is in his bed. If one looks at the Senior programs that are falling short \$26K, \$34K, and \$97K and then pull out the Senior Center report and find that 47% of the people that go into the Senior Building are Tremonton residents. The other 53% are from the surrounding areas. The Council is having a discussion about raising money from the Tremonton residents to help pay for the nine Snowville senior people, for example, who want to enjoy the Senior Center services at Tremonton's expense. Councilmember Deakin said that he has a really hard time justifying how the Council should charge the Tremonton residents more money to provide services for the other municipalities that are

unwilling to provide the service.

Councilmember Wood said that the only problem is that the City accepts government and State money for that service. Councilmember Deakin stated that all of the government money that is being received has already been taken out of those figures. The possibility of collecting more from the County was mentioned, but they are hurting financially as well. Councilmember Wood brought out that a lot of those folks from the surrounding areas are shopping in Tremonton so the City is receiving tax dollars from them. The Council can't alienate the people who are coming into the City. People are still complaining about the \$5 increase in Recreation fees for people living outside of the City.

Chief Nance commented that the Police Department does help Garland, as well as on the freeways, but the City also receives benefits back for doing so. When there is just one officer on duty and he has three or four cases going and he needs backup on something, then the County, Garland and/or UHP (Utah Highway Patrol) come and helps Tremonton City out. It is a reciprocal arrangement between agencies.

Councilmember Holmgren asked Manager Warnke what he sees the bottom line to be. The product the City has to offer is service. Is the City in need of an additional \$100K? What is the bottom line to keep things going? If status quo is keeping the level of services, then Councilmember Holmgren said he would like to keep status quo but would like to know what it is going to cost to maintain that level of service.

Manager Warnke replied that the Staff goes through this exercise every time they prepare the budget. Councilmember Deakin asked what is going to be the draw on the Fund Balance once the 13th period entries are posted. Manager Warnke said he thinks it will be at least \$100K+. Councilmember Wood said that right now the Fund Balance in the General Fund is \$1.525M. If the things mentioned earlier were paid off, the savings would be about \$241K, and the current services that are being offered could be maintained without increasing fees.

Councilmember Holmgren said that the only wild card to Councilmember Wood's idea that he sees is UTOPIA. Councilmember Wood stated that the savings in interest would help to meet that payment. UTOPIA needs to decide right away what they are going to do. Tremonton could bond for the amount they are required to pay to UTOPIA and have it paid off in fifteen years versus the thirty-three years and stop the 2% escalation every year. UTOPIA either needs to make it happen within the next year or Tremonton needs to pull the plug.

Councilmember Deakin commented that it is a good idea to pay off the debt. If the policy were changed so that all the vehicles that are purchased are purchased outright instead of leased, it would be an additional savings. However, Manager Warnke needs to be comfortable with the level of the Fund Balance. There needs to be a certain amount of cash set away for catastrophies.

Manager Warnke said that he could provide the Council with the debt service payments which will show the exact status: the number of loan payments, the interest rates, etc. He also noted that the City has enough cash that tax

anticipation notes have not been necessary. The revenue doesn't come in the first of the year but when there is a big payment the City has enough cash to cover it. Sometimes there is a lot of money that flows out quickly. Cities are required by the State to have at least 5% or 6% in Fund Balance, but some of the debt could be paid off. The City needs to spend some money or the maximum allowed amount will be exceeded.

Manager Warnke added that there are issues within the Utility Funds and there really isn't anything that can be done about it except to make the decision to increase fees and meet the demands. The longer it is put off, the harder it is going to get. Those services have to fund themselves. In the General Fund, increasing the fees is the best way to fund services so that those people who are receiving the services actually pay for it. Some services are not able to charge fees such as for the City Council, the City Manager, the Recorder, and the Treasurer. Property Tax, Sales Tax and Franchise Fees are meant to cover those services.

Manager Warnke said that his recommendation is the same as it has been for the last year: look at increasing some of the fees. Manager Warnke said that he is always looking for ways to cut costs. Cuts have been made. The Staff has looked at personnel and, as opportunities have arisen to move positions from full time to part time, that has been done. When it makes sense to do that again, the Council should look at that. Manager Warnke said that he doesn't feel the City has ever been overstaffed. He said that he has a little different take on the planning, and does have a bias as he has worked in communities where planning was important. He feels there is a lot to be gained from proper planning, and there is money to be saved as well. This is an area where the City should put more focus. This is a good opportunity to get ahead on some of the planning issues. The Staff has done a good job on addressing the City's Ordinances. There is money to be saved in making certain the City has the right construction spec and that infrastructure is put in right the first time. The City is getting the right-of-ways and doing the long term planning. He said that, in his mind, it is money well spent and an opportunity to get ahead.

Manager Warnke added some good news. There is going to be some property value coming out of the RDAs this coming year and thereafter for five or six years. The flip side is that the City will lose some of that RDA money going to pay the UTOPIA debt, so the City will have to meet that challenge.

Some of the City's fees haven't been raised for ten years. Manager Warnke expressed the opinion that the Council is actually hurting the City in the sense that, if they don't continue to look at the fees and keep them up-to-date, then the opportunity is missed to collect the revenue when it should have been collected. Then, when the fees do have to be adjusted, it is a big adjustment and it seems more blatant.

Councilmember Wood asked Manager Warnke what he thinks the revenue from Malt-O-Meal is going to be now. Manager Warnke said that it is always changing because they are always depreciating. Tremonton should receive the full tax value this year. The City Attorney has been approached about starting the documents to close down the Project Area.

Manager Warnke said that the City did a lot of road projects last year. The City has done some really positive things. He said that he is pleased with the things that were done before he came to the City and feels there are still a lot of things to do going forward. Councilmember Wood added that the City purchased Police cars last year so not everything was cut bare bones.

Manager Warnke suggested that the Council adopt the fees that have been recommended, though he is not sure how much money as a whole the new fees will generate. An estimate was done for Building Permits. The recommended increase would have delivered about \$8,000 in additional revenue based upon the permits that have been issued in the recent past.

Mayor Fridal deviated from the Budget discussion to welcome a Boy Scout who was present from Troop 130 and encouraged him to become an Eagle Scout.

The Council decided to discuss the proposed fee increases next month. Councilmember Deakin said that the Council needs to come to a decision and stop putting it off. He said that there are people who work in the City that he is very proud to have on board because these individuals take a huge amount of pride in being successful, efficient, and providing the highest level of service possible. He loves the fact that the Department Heads want to provide the highest level of service and the safest City possible. They are hired for that very reason. The Council's decision is to say, "Yes, but we can't afford that right now," or, "No, we want a little more of this and a little less of that, Sorry." That is what the Council has been hired to do. If the Council keeps throwing it back to the City Manager and expecting him to make it work, the Council really is not doing their job. The Council needs to make a decision.

Councilmember Wood commented that, in going over the year end Financial Statement, all of the Departments were under budget. Things could be tweaked here and there but he does not feel that huge decisions need to be made. Everyone has been working hard to make things work. The City is in good shape on things. The Council does not need to completely upset the cart.

Councilmember Holmgren said that he feels the same way. There are some things that can be done without looking at personnel or cutting services. If it comes down to paying off some things to save interest and payments on an ongoing basis, that makes sense.

Councilmember Reese said that he feels Councilmember Wood's suggestion to pay of some loans is excellent and that the Council should go as far as they can on that without jeopardizing the City. However, Manager Warnke has been telling the Council for five months that the fees have to pay for the related services, and, no matter how difficult it is to increase fees, the Council needs to accept those recommendations now. Mayor Fridal agreed with Councilmember Reese.

Councilmember Wood said that Manager Warnke can advise the Council as to whether the debts can be paid or not. All of the Council has agreed that increasing some of the fees is something that needs to be done, but to wait until after the summer watering season, when people are not paying overages, so that it wouldn't hurt them quite as much. Councilmember Holmgren asked for payoff

figures on some of the debt. Councilmember Wood listed the pay off figures he had: street sweeper - \$95,568; 2000 West - \$365,000; Senior Center - \$553,000; and the Fire Truck - \$459,000. They total \$1,473,000. Between the interest and the amount of the payments, the City would be saving almost a quarter of a million dollars each year if everything was paid off. The Councilmembers agreed that would be a lot better usage of the Fund Balance.

Motion by Councilmember Holmgren to have the City Manager take the suggestions that Councilmember Wood has laid out and come back to the City Council Meeting next week with some recommendations. Manager Warnke said that may be too soon. He would like to confer with Finance Director Roberts and he is not available at this time. **Councilmember Holmgren amended his motion to have Manager Warnke come back with the recommendations as soon as possible.** Motion seconded by Councilmember Reese. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

Mayor Fridal stated that Councilmember Deakin has a legitimate argument about other communities contributing to the Senior Center inasmuch as their citizens are receiving benefits from the facility.

Councilmember Deakin commented on how beneficial the discussion has been and the way the information was presented this evening. It was very logical. Manager Warnke said that he doesn't feel like the City should be cut without cutting others. It is important that the City provide the best services that it can, but feels the City services should be prioritized ahead of other organizations.

Councilmember Reese said that the Council needs to address the fees. Mayor Fridal reiterated that the Council agreed to increase the fees a few months ago. It was just decided to put it off until fall.

Director Fulgham reported that he just did an analyses on his funds for the years he has been Public Works Director. He took out the one-time projects and just looked at operational costs. The budget has raised 20% since 1999, but Public Works is doing other things that they didn't use to do such as striping roads, more sidewalk work, etc. Some of it is a requirement by law or to avoid litigation. The Cemetery budget has actually decreased 10%. Also, as more industry is brought in, costs go up.

The Council agreed to look at the fee schedule again and make a motion on it at the next City Council.

- b. Discussion regarding establishing a Recreation Fund as a Special Revenue Fund

Manager Warnke presented the idea of establishing a Special Revenue Fund for the Recreation Department.

Motion by Councilmember Deakin to establish a Recreation Fund as a Special Revenue Fund. Motion seconded by Councilmember Holmgren. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember

Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye.
Motion approved.

6. Comments:

a. Administration/City Manager Advice and Consent.

There were no Advice and Consent items.

b. Council Reports:

Councilmember Holmgren reported that, thanks to Lynn Green, the stone-path walks were put in on either side of the Library. He thanked Mr. Green, Director Fulgham and anyone else who had anything to do with the completion of the project. Manager Warnke gave credit to Councilmember Holmgren for spearheading the project and for all the work he did. The walks look great.

Councilmember Doutre said that she spent a day in Salt Lake at the League of Cities and Towns meeting, and it was very informative. She learned a lot and appreciates the opportunity to attend.

Councilmember Deakin asked Councilmember Holmgren if he had an opportunity to speak with his sister, Tam Zollinger, about the trail. Councilmember Holmgren said that he did. The family has been exploring different ways to look at the trail system on the Malad River. The question is where the trail will launch from off of the lot the Richards donated to the City. Coming around by Third East and going up the road and then crossing back over, the trail would be on Claire and Tam Zollinger's property. They seem to be willing to do it. They are agreeable to a point. They don't want the trail to go all the way along their property – just as far as is necessary. Councilmember Holmgren said he feels they have the makings of bringing this project together.

Mayor Fridal commented that the trail isn't something that can happen right away, but it will happen sometime in the future. The City is moving in the right direction by getting a plan.

9. Public comments: Comments limited to three minutes.

John Losee said he appreciated getting the numbers from Council.

10. Adjournment.

Motion by Councilmember Deakin 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 8:03 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