# BUDGET WORK SESSION OF THE

**BRIGHAM CITY COUNCIL**

**MAY 21, 2015**

**5:30 PM**

PRESENT: Tyler Vincent Mayor

 Ruth Jensen Mayor Pro Tem

 DJ Bott Councilmember

 Alden Farr Councilmember

 Tom Peterson Councilmember

 Mark Thompson Councilmember

ALSO PRESENT: Joseph Bach Fire & Ambulance Chief

 Rick Bosworth Human Resource Coordinator

 Dave Burnett Public Power Director

 Mary Kate Christensen City Recorder

 Jared Johnson Building Official

Paul Larsen Economic Development Director

Bruce Leonard City Administrator

Mike Nelsen Police Chief

Derek Oyler EMS & Facilities Manager

Tyler Pugsley Public Works Director

Jason Roberts Finance Director

Ruth Jensen, as Mayor Pro Tem, conducted the meeting.

**Ambulance Billing Revenue Update**

Mr. Roberts said a few years ago the City changed ambulance billing companies. He introduced Dart McGregor from First Professional Services to the table.

Mr. McGregor said there are three key aspects that drive revenue in ambulance billings: 1) base rates; 2) mileage; 3) supplies. Base rates and mileage are controlled by the State of Utah, so supplies are the only thing Brigham City can control. In 2012-13, before First Professional started billing for Brigham City, they were billing an average of $73 for supplies; now it is over $200.

Billing for transport for the same time period was $770, which is extremely low. The charge is now $1,430.

During the 2014 calendar year, First Professional posted an average of $15,195 per week. Year to date, they have posted $19,500 per week.

Mr. McGregor explained that Medicare pays approximately 30¢ on the dollar; Medicaid pays about 10¢. Throughout the cities he represents, these two revenue sources may represent 35-40% of the call volume. This causes the remaining portions to increase.

For the 2014-15 fiscal year, short seven weeks, revenue was $781,000. They are averaging $19,500 per week. Mr. Roberts added that the City’s budget is $800,000. This is the first time in the last five years that the City has met and exceeded budgeted ambulance revenue.

Mr. Roberts anticipated that there will be $100,000 extra at the end of the fiscal year. There will probably be another $50,000 from Medicaid. He added that part of this is because of the new billing company, but there has also been some billing changes in the Ambulance Department.

Mr. McGregor added that the State has authorized a base rate increase of 6.25% effective July 1, 2015. If the City has paramedic services as anticipated, the charges will be more.

There was a discussion on whether to increase the 2015-16 budget by $100,000. **The Council authorized Mr. Roberts to make this increase in the Ambulance Department revenues.**

**Salary Increases for Employees, Mayor and Councilmembers**

At the last budget work session the Council discussed Brigham City’s comparative ratio to other cities in the comparative group. The last several years the City budgeted for a Consumer Price Index (CPI) increase. The Council asked staff to find out what comparative cities are going to do this year and to target for a compa-ratio of 94 through 97, and how it would affect the budget if an additional 1% was budgeted.

Mr. Roberts reported that if an employee was at 94% and receives an additional 1% above what the other compa-ratio cities do, it would bring that employee’s compa-ratio up almost .94%. The effect on the budget to increase to 3% would be $79,000 in the general fund, $34,000 in the utility fund and $7,000 in the library fund, for a total of $116,000.

Mr. Bosworth reported that 12 of the 18 comparative cities responded to his request, and those cities are budgeting an average of 2.4%. They are doing this in various ways. Cedar City is giving everyone an additional 20¢. Tooele budgeted 1.5% but will also put 1% into a 401K, plus up to 2% additional for those employees whose salaries have been frozen.

Mr. Roberts stated that there was a misunderstanding with budgeting for full time employees in the Fire and Ambulance Departments. He budgeted 2,650 hours for the 2015-16 budget. The actual number should have been 2,920 hours per year. This equates to $27,000 overtime that needs to be budgeted. In addition, the holiday coverage number was incorrect by $5,000. However, he budgeted $103,000 over, so it nets at $70,000 over. There is also the $100,000 in ambulance revenue. This leaves $170,000 that could be used for employee increases.

Councilmember Peterson felt that the percentage for salary increases should be increased to 3% to bring employees more comparable. The Council unanimously agreed. This will be officially voted on as part of the budget approval on June 18, 2015.

The Council discussed the increase for the Mayor and councilmembers, which is in the budget. It is the same percentage that was put in the budget for employees. Councilmember Farr said he was not in favor of raising the salary for councilmembers. Councilmember Thompson and Mayor Pro Tem Jensen agreed. Councilmember Peterson felt it should be tied to the CPI of 1.6%. He added that no councilmember is here for the money. However, he felt there were some citizens that would do a great job if it was more palpable. It would only be an increase of $740 on the budget.

Mayor Vincent said the Council has not received an increase since 2006. There are councilmembers that have to leave their business to attend City functions and he personally has experienced this and it hits his business. He agreed with the councilmembers that he did not run for Mayor for the money; he wanted to make a change. However, looking forward, there has to be some compensation.

Mr. Leonard stated that all councilmembers serve on the Council because of their love of the City and their desire to make a change; however, it comes at a price. They give up personal time and time with their families. He recommended the Council adjust their salaries. If it is tied to the CPI, he recommended there be a cap.

Mayor Pro Tem Jensen said the Council receives other benefits, such as insurance and mileage.

Councilmember Peterson said the County elected officials, with the exception of the commissioners, receive an increase of 1% in addition to the increase for all employees.

**The majority of the Council agreed to remove the increase for elected officials from the budget**.

**Cash Investing**

Mr. Roberts explained that the City tries to have a general fund balance as close to the state limit as possible. Last year it was very close to that limit. In utility funds the goal has been to have 30-50% of one year’s expenses. There is an average of $8.5M to $12M in the bank. This fluctuates throughout the year. He would like to try and get a higher return on this money by putting $5M into investments that go up to a two year maturity. He thought the City would get $50,000 a year more in the general fund. Councilmember Thompson said the City would lose flexibility by doing this. Mr. Roberts said he would structure it so $700,000 would mature every three months. He added that the State heavily regulates investments for municipalities.

Councilmember Farr asked what interest rate the City is getting now. Mr. Roberts said it fluctuates from .4% to .55%. Councilmember Farr suggested taking a smaller amount, still keep the balance liquid, and invest in something with a higher return. Mr. Roberts said municipalities are very limited on what they can invest in.

**Mayor Pro Tem Jensen suggested moving forward with cash investment, but look at other options as Councilmember Farr discussed. The Council unanimously agreed.**

**Council Chambers Improvements**

Mayor Pro Tem Jensen said there is money budgeted for new microphones; however, since there were adjustments made to the mics there have not been complaints. Mr. Roberts said if there are changes made to the Chambers, there will have to be sound adjustments.

Mayor Pro Tem Jensen suggested just moving the current table and putting it on a platform. Councilmember Farr recommended leaving the Chamber the way it is and save the money to put toward raises.

Due to the security portion of this discussion, the Council will leave this funding in the budget until a closed session can be held.

**New Carpeting for City Buildings**

Mayor Pro Tem Jensen said there is funding for new carpet at City Hall. She wanted to make sure that carpets aren’t replaced just to be replacing them. If it has a hole, or a tear, that would be the top priority.

Mr. Johnson said the amount in the proposed budget will cover all three levels of City Hall, the Senior Center, the Museum and the EMS Building. These areas have not been re-carpeted for at least 15 years. The break rooms could be excluded, but most of them are so small it will not change the cost.

**Restroom at the Pickleball Courts**

Councilmember Peterson said the restroom was requested by the Public Works Director, but it is not in the budget. There is an individual who would like to donate money toward more courts if the City will install restrooms. He felt that a restroom in that location at Pioneer Park is needed. There are many soccer games, softball games, etc. at the lower north field. The nearest bathroom is at the south end of the park and if parents have to send their children to that restroom, parents cannot see where they are.

Mr. Roberts said the request was for $120,000 for the restrooms. If the Council wants to do this, it looks like the Ambulance Department’s revenue will be over the amount budgeted. In addition, even with the changes made by the Council, there is $92,000 extra in the general fund.

The Council unanimously agreed to use this money for restrooms by the Pickleball Courts.

Due to limited time, the Council elected to continue the discussion after the regular City Council meeting. The meeting adjourned at 6:58 PM.

*The Council reconvened in a budget work session at 7:50 PM.*

**Academy Project**

Mr. Roberts updated the Council on the recent numbers from the Academy Project. The City bonded for $3M and put the money into an account and did not spend it for a while. Mr. Roberts estimated the interest accrued on this will be $12,000-$18,000.

There have been some change orders on the original project in the amount of $10,759. It is expected more change orders will be needed. Mr. Johnson said there is at least two more that he is aware of.

The ramps, stairs and concrete came in at $97,950 instead of the $80,000 the City estimated. The walk out roof came in $19,000 higher than anticipated. Upgrades to the parking lot were not anticipated. It is estimated this will be $235,000. Restaurant architect fees, estimated at $40,000, were also not part of the bond money. Saunders Construction’s estimate for the restaurant was $350,000. It is now $670,000. Kitchen equipment will be an additional $250,000. These items total a cost of $845,000 for the City.

Mr. Roberts said he thought the City would be able to do a longer loan on this. However, this size of loan is not easy to take to the general market and would not be attractive to the private market. In addition, this type of bond would have to be taxable. He had hoped the City could do an interfund loan from the general fund, utility funds and other RDAs to pay for this. This is no longer possible because this past year the State Legislature passed a bill setting the maximum term on the loans to ten years. The revenue going to the City for the restaurant lease and what has been identified from sales tax revenue for the hotel and sales tax revenue for the restaurant will not be sufficient on a ten year note.

There is some revenue that came in from the sale of property to the Hampton Inn ($50,000) and a TTAB Grant ($15,000). The original plan was to pay back the general fund $260,000 from the RDA for the purchase of the Larsen Brothers property. That money is still in the RDA so this could be used for the restaurant project.

Mayor Pro Tem Jensen asked if there are items in the project that could be completed later or done for less. Mr. Johnson said that could be done if that’s what the Council wants to do. Mayor Pro Tem Jensen also suggested not doing the parking lot until later. Councilmember Peterson asked if there is a way to do the parking lot with funds from the Street Department’s current budget. Mr. Roberts replied that the capital project funds in the Streets Department are for Class C expenditures and two sidewalks. He did not think there was $200,000 left in the capital projects in the current budget. Mr. Leonard said the Street Department could do a lot of the subgrade work before the curb and asphalt are installed.

Mr. Johnson said he is aggressively attacking several items to try and get the costs down and get accurate numbers to Mr. Roberts.

Councilmember Peterson said if the restaurant is not able to be completed in the 2015-16 budget it will put the opening out until November of the following year. Mr. Leonard suggested the Council pass the budget as it is, then Mr. Roberts will come back with a recommendation on the funding. The Council agreed.

**Youth City Council**

Councilmember Peterson said the Youth City Council is an amazing volunteer group and they only receive $4,000 from the City. He recommended this be increased by $1,000. Councilmember Thompson said if it was increased it would allow more youth to attend the Utah State Leadership Conference. **The Council authorized Mr. Roberts to add $1,000 to the YCC Budget line item.**

The meeting adjourned at 8:29 PM.