MINUTES OF LAYTON CITY COUNCIL BUDGET WORK MEETING **MARCH 15, 2018; 8:07 A.M.**

MAYOR AND COUNCILMEMBERS PRESENT: **MAYOR BOB STEVENSON, JOYCE BROWN, BRUCE DAVIS, TOM DAY, SCOTT FREITAG AND JOY PETRO**

STAFF PRESENT: **ALEX JENSEN, GARY CRANE, TRACY PROBERT, TERRY COBURN, KEVIN WARD, ALLEN SWANSON, BILL WRIGHT AND KIM READ**

EXCUSED: **DAVE PRICE**

The meeting was held at Fire Station #1, 530 North 2200 West, Layton, Utah.

Mayor Stevenson opened the meeting and turned the time over to Staff.

AGENDA:

BUDGET DISCUSSION – FISCAL YEAR 2018-2019

Tracy Probert, Finance Director, shared a visual presentation and reviewed the agenda discussion and budget calendar with the Council. He indicated the tentative budget would be adopted in May with the final budget being adopted in June. He informed the Council of the projected Economic Outlook for FY19 based on Moody's Analytics and the Utah Governor's Office and mentioned consumer confidence was high. He stated sales tax revenue had increased for Layton and statewide over seven percent, new auto/truck sales were at an all-time high with a six percent increase and the housing price index recognized an increase of over eight percent.

He reviewed projections for the General Fund with revenues projected at $32,520,880, an increase of approximately $900,000. He also reviewed proposed expenditures pointing out the following:

- base wages/benefits
- three percent proposed compensation adjustment
- costs associated with requested positions
- operations budget increase of 1 ½ percent
- capital equipment costs
- capital projects
- transfer to the swimming pool fund

He summarized the expenses exceeded revenue by approximately two million.

Mr. Probert reviewed the General Fund balance information: at the end of June 2017 the fund balance was 8.7 million dollars which exceeded the allowable twenty-five percent limit. He reviewed the estimated additional revenue, savings and expenditure for the current year and indicated the fund balance would end the year at just over fifteen percent. He mentioned this was the target rate identified by the City.

He reviewed the details associated with the General Fund operations comparisons with the Council. He pointed out the increase associated with the Police Department for officers attending POST. Gary Crane, City Attorney, explained the elimination of items provided at POST were the result of unintended consequences associated with JRI legislation and/or the Sixth Amendment decision which decreased or eliminated surcharge fees which were used to finance POST.

Mayor Stevenson suggested inviting the legislators to a meeting during the summer months to discuss the impacts of legislation on cities. Mr. Crane pointed out the new homeless legislation would have a direct effect on the City's budget. He explained the City's proportionate share for the homeless mandate would automatically be deducted from its one percent sales tax revenue collected by the State. He indicated the City would probably meet the identified cap of approximately $150,000.

Mayor Stevenson left the meeting at 8:35 a.m.

Mr. Probert continued to review the operations comparison with the Council. He shared information specific to wage and benefit costs comparing percent increases and how those would affect the General Fund. He spoke to the challenges associated with hiring people due to the offered wages of some positions.

Councilmember Brown expressed frustration about the homeless mandated premium recently legislated; in that those funds assessed to the City would be going toward police and fire personnel of other communities which the City was already competing with in hiring/retaining for those same positions. She summarized those funds could be better utilized by Layton City to hire additional officers.

He reviewed the General Fund personnel requests with the Council. Alex Jensen, City Manager, briefly spoke to the requests and costs associated with funding the positions and a discussion followed specific to Code Enforcement. A discussion also took place regarding costs associated with converting utility bills from bi-monthly to a monthly billing cycle which was would require additional personnel in Finance and Public Works. Mr. Jensen mentioned once fiber was available throughout the entire City the next generation of meters could be read automatically

Mr. Probert reviewed retirement costs from FY09 through FY18. He mentioned the retirement appeared to be doing well and no increases to rates were proposed for the upcoming year. He also reviewed health insurance costs and contributions from that same time period and indicated claims were on an upward trend. He also reviewed the Health Plan Reserve Analysis with the Council.

Mr. Probert reviewed sources of General Fund revenue with the Council and a discussion took place specific to Sales Tax. Bill Wright, Community and Economic Development Director, updated the Council on progress of the RC Willey store and reported Staff would also be attending the ICSC (International Council of Shopping Centers) convention meeting with key individuals.

Mr. Probert shared comparisons and trends from previous years' Sales Tax and pointed out it had taken the City seven years to recover from the recession of 2008 and match that same amount of Sales Tax from 2008. Mr. Wright informed the Council, Target was being nationally recognized as a brick and mortar store which has been able to reposition itself to accommodate for the popularity of online purchasing. He continued to review statistics related to Sales Tax revenue; one of them a comparison for the top six categories for the previous four years. Mr. Wright asked if the rise in Sales Tax from grocers was directly related to the addition of WinCo to the City and Mr. Probert believed that was the case. He reported he had completed a study to determine if WinCo was stealing revenue from existing stores in the City or if it brought in additional revenue. He reported in the past year Smith's wasn't negatively affected and a discussion followed regarding grocery purchasing trends.

Mr. Crane mentioned legislation from this past session related to small cell deployment (IG Network) had negotiated a three and a half percent tax for that use. He clarified each pole would generate a designated amount of income and use of the poles would be determined by a bid process. He clarified the owner of the pole would receive a fee associated with using the pole and the City would receive the tax.

Mr. Probert pointed out the Property Tax revenue had remained nearly level since 2010 and informed the Council it wasn't equivalent to the Police Department's budget. He also reviewed the

Telecommunications Tax history with the Council reminding it of the continued downward trend. He reported the explanation from the State was that it was due to the elimination of residential land lines replaced with lower taxed cell phones. He expressed his opinion the multiple cell phones per household should make up for the one land line and a discussion followed. He explained the Municipal Energy Tax increase was the result of Rocky Mountain Power increases.

He reviewed the fee-in-lieu and historical data specific to building permits. Mr. Wright pointed out the City was still experiencing the creation of residential subdivisions and had a good supply of vacant building lots. He reported the first two months of 2018 had seen an increase in building permits and projected the trend would continue. He informed the Council there continued to be interest in multi-family developments in the City's town centers and indicated Staff would be bringing a proposal introducing housing as a permitted use in Commercial Zones and spoke to those types of developments.

Councilmember Brown suggested as the General Plan changed to allow housing in town centers/village centers, the need for additional multi-family housing wouldn't be needed in other areas of the City identified for that potential use. Mr. Wright cautioned the Council, the City would want to accommodate for residential growth in a way which would be compatible to retail. Mr. Probert also reviewed revenues received from combined road funds.

Mr. Probert reviewed the General Fund with the Council pointing out Unreserved Fund Balance had been used in FY 2017 and FY 2018, and was proposed to be used in FY 2019. He mentioned in 2017 the City was close to the maximum allowed. Councilmember Davis clarified the maximum amount was twenty-five percent. Councilmember Petro clarified the City was sitting at approximately fifteen percent for this year. Mr. Jensen mentioned the City had already made commitments for future projects: a new fire station, additional personnel costs, Highway 89 improvements and the West Davis Corridor connection at Layton Parkway, all of which would require a healthy fund balance.

Mr. Probert reviewed the capital equipment recommendations included within the proposed budget with the Council. He also reviewed the equipment proposed for the Special Revenue and Enterprise Funds. Mr. Jensen reviewed the criteria used to identify vehicles which needed to be replaced. Mr. Probert stated the City had begun using the State's public surplus auction site as opposed to taking them to auction and had recognized an increase of used vehicle revenue.

The meeting suspended at 9:37 a.m.

The meeting reconvened at 9:50 a.m.

Mayor Stevenson re-joined the meeting at 10:00 a.m.

Mr. Probert reviewed the proposed Capital Improvement Projects with the Council and the following were discussed:

- floor covering replacement in city hall
- breathing apparatus costs for Fire Department personnel
- Gordon Avenue reconstruction and interchange signage.
- signal light at Fairfield and Church Street
- signal light at Hill Field Road and Cold Creek Way
- Gordon Avenue 1800 East to Highway 89 (multi-year project)
- West Layton Jr. High Gymnasium Expansion
- Interchange signage

He also reviewed several projects proposed to be completed using Enterprise Funds and the following were discussed:

- Valley View tank (2-year project)
- Type II ambulance for inter-facility transports

Mr. Probert reviewed identified projects proposed to be completed with Proposition 1 funding and RAMP funding. He pointed out the amphitheater plaza phase I, the Ellison Park scoreboards and the amphitheater microphone system were projects which weren't recommended by the RAMP Commission. He explained Mr. Jensen had suggested these projects could be completed using the RAMP funding source compared to General Funds as they were applicable. Councilmember Brown inquired if other projects had been eliminated in order to fund them and Mr. Jensen responded they were being funded with excess RAMP revenue. He mentioned the RAMP Commission had originally recommended funding some scoreboards and some of the plaza improvements.

Mayor Stevenson requested clarification regarding the amphitheater improvements and Mr. Jensen explained phase I included the following: new restrooms, entry to the area and signage. Mayor Stevenson inquired what was included in phase II and Mr. Jensen responded the remaining "plaza" including landscaping and the bowery.

Councilmember Freitag arrived at 10:18 a.m.
Councilmember Petro pointed out the RAMP Commission wanted have a healthy fund balance which could be used when opportunities became available with future, bigger projects. Mr. Probert reviewed the RAMP summary since FY17. Councilmember Petro suggested the Commission be informed of the changes made relative to project funding during the budget process and Mr. Jensen indicated Staff would be happy to explain the proposal and a discussion followed. The Council was in agreement with the proposed increased use of RAMP expenditures for projects and directed Staff to inform the Commission.

Councilmember Brown requested an update regarding the large bowery in Constitution Circle and Mr. Jensen informed the Council a second engineer was consulted and explained the deficiencies currently being experienced at the bowery. He stated Staff was considering whether to construct an open air bowery as opposed to incurring the expense to repair the current designed bowery. Councilmember Brown suggested an open bowery would allow better visibility from the roadway. Councilmember Freitag believed eliminating the bowery would provide a clear view of the Vietnam Wall Replica and a discussion followed regarding options to the Council. Mayor Stevenson requested Parks and Recreation Staff explore options for the bowery.

Bill Wright, Community and Economic Development Director, informed the Council Staff had been made aware of an economic consulting services group consisting of advisors in partnership with Coldwell Banker Commercial. He introduced the Staff of the Group and explained how the consulting services would benefit the City. He pointed out specific strengths and knowledge of the Group and the areas of focus he believed its services would be beneficial. He reviewed specifics of a potential agreement and a discussion followed. Mayor Stevenson shared some examples and scenarios with the Council and believed the benefit outweighed the cost given the potential outcome. Mr. Wright stated funding could be identified within the budget and also suggested the City was at a critical time relative to commercial development and expressed his opinion this opportunity would be a benefit to the City. A discussion took place and the Council expressed its support to proceed with the consulting group.

Mr. Probert reviewed the Special Revenue Funds with the Council:

- Victim Services
- Alcohol Enforcement
- E911 Fund - he pointed out the balance was decreasing and reported he would investigate to determine the reason for the decrease prior to adoption of the tentative budget in May.

Councilmember Freitag believed the State's hold harmless formula should be in place and didn't believe the City should be recognizing a decrease in revenue as the number of calls most likely hadn't decreased and a discussion followed. He suggested Staff contact the Tax Commission and volunteered his services to assist in determining the reason for the decrease.

Mr. Probert continued to review the Special Revenue Funds:

- Metro Strike Force

- CDBG Fund - Councilmember Brown inquired about the funds identified for “Davis County homeless” and Mr. Wright responded they paid for overnight stays in hotels. He added Staff had discussed eliminating these appropriations in the future now that new legislation would assess the City to contribute toward the homeless and suggested that would be detrimental to local providers.

  Councilmember Brown reported she and Councilmember Petro had attended a function at the Bountiful food pantry and learned about the food pouches being distributed through the school system to provide food for school aged children on weekends. She suggested City employees participate in a service project assembling food pouches for this purpose. Mayor Stevenson also suggested allowing contributions on the monthly utility bill to be used for residents unable to pay their utility bill.

  Mr. Wright shared an illustration of a local business in historic downtown which had received CDBG funds toward its outside façade during a remodel. He expressed his opinion it had significantly improved to the look and feel of the downtown and a discussion followed about the success of the entire remodel of Layton Cycle.

Mr. Probert continued to review Special Revenue Funds:

- RDA
- EDA
- Impact Fee

The meeting adjourned at 11:30 a.m.

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Kimberly S Read, City Recorder