MINUTES OF LAYTON CITY
COUNCIL SPECIAL WORK MEETING **AUGUST 22, 2019; 5:36 P.M.**

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

STAFF PRESENT: **ALEX JENSEN, GARY CRANE, CHAD WILKINSON, LON CROWELL, TIM WATKINS, BRANDON RYPIEN, TRACY PROBERT, KEVIN WARD, AND KIM READ**

The meeting was held in the Council Conference Room of the Layton City Center.

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

AGENDA:

CANVASS OF ELECTION

MOTION: Councilmember Davis moved to adjourn as the City Council and convene as the Board of Canvassers to canvass the 2019 Municipal Primary Election. Councilmember Petro seconded the motion, which passed unanimously.

Kimberly Read, City Recorder, reviewed the summary results from the 2019 Municipal Primary Election highlighting the following: Layton City had 35,158 Registered Voters and 9,758 Ballots were cast resulting in a 27.75% Voter Turnout. She directed the Board to the page reflecting the candidates and their respective votes.

She reported 192 Ballots were not counted and reviewed those reasons with the Board. She pointed out these voters were given an opportunity to provide correct information for the votes to count.

She directed the Council to the Precinct Report provided by Davis County Elections.

She asked if there were any questions and there were none. The Board reviewed the following results:

Layton City Mayor - 2 year term
Vote For 1

	TOTAL	VOTE %	
JOY PETRO	2,693	28.28%	Nominated
JOYCE FORBES BROWN	2,570	26.98%	Nominated
BRUCE DAVIS	1,999	20.99%	
SCOTT WILLIAMS	1,346	14.13%	
TRICIA PILNY	916	9.62%	
Total Votes Cast	**9,524**	**100.00%**	

Layton City Council
Vote For 3

	TOTAL	VOTE %	
SCOTT FREITAG	3,570	13.59%	Nominated
DAVE THOMAS	3,558	13.55%	Nominated
CLINT MORRIS	3,358	12.78%	Nominated
J. SCOTT CARTER	3,187	12.13%	Nominated
ZACH BLOXHAM	3,055	11.63%	Nominated
CHRIS CROWDER	2,819	10.73%	Nominated
TOM CAVANAUGH	1,970	7.50%	
JA EGGETT	1,852	7.05%	
TYSON PLASTOW	1,833	6.98%	
SHILOH KESTEL	1,065	4.05%	
Total Votes Cast	**26,267**	**100.00%**	

MOTION: Board Member Brown moved to accept the 2019 Primary Election Results as presented, and reconvene as the City Council at 5:45 p.m. Board Member Carter seconded the motion, which passed unanimously.

Councilmember Brown expressed appreciation to Ms. Read for providing correct information to the candidates and for her professionalism in administering the Primary Election.

ADOPT BUDGET, PROPERTY TAX RATE AND COMPENSATION SCHEDULE FOR ELECTIVE, STATUTORY AND APPOINTED OFFICERS FOR FISCAL YEAR 2019-2020 – ORDINANCE 19-30

Tracy Probert, Finance Director reviewed highlights from the budget pointing out the following:

- Total City Revenue
- Total General Fund Revenue (which included the proposed 25% property tax rate increase)
- Total Capital Projects
  - Fire Station #4
  - Streets (includes Prop 1 funding)
  - Parks and Recreation (includes RAMP funding)
  - Utility Capital Projects
  - Other
- Total General Fund Capital Projects
- Total Capital Equipment
- Proposed Property Tax Rate Increase
- Utility Rate Increases
- COLA and Merit increase for City employees

Mr. Probert reviewed the General Fund Summary for Expenditures and reported the use of General Fund fund balance in the 2020 Budget of $1.9 million.

Councilmember Day asked how that amount of fund balance would affect the General Fund and Mr. Probert responded that would leave the General Fund Unreserved Fund Balance at approximately 15%.

Mr. Probert mentioned the proposed Fire Station #4 and referred to the Open House and Public Hearing which previously had taken place. He stated much discussion had taken place regarding the proposed tax increase identified to fund its construction. He explained the numerous ways in which the fire station could have been constructed; however, he recommended the tax increase was needed to fund the ongoing expenses associated with it.

He reviewed the property tax adjustment reflecting different options for the proposed increase and the generated revenue associated with each for the Council to consider. He stated his recommendations would be to adopt Ordinance 19-30, which included the proposed 25% increase in the certified property tax rate.

Councilmember Brown clarified the elected officials were not included in the salary increase proposed for City employees.

Alex Jensen, City Manager, indicated the State required cities maintain a certain amount designated in Unreserved Fund Balance as a way to fund unforeseen expenses during the budget process. He stated the City historically had funds ranged between the 14-15%.

Mayor Freitag called for any questions from the Council and there were none.

Mayor Freitag stated the Council would need to approve the budget, adopt the certified tax rate, and to adopt the compensation schedule and stated the motion would need to include language specific to each. He asked the Council if there were any issues associated with the compensation schedule and there were none.

Mayor Freitag referred to the different tax rates provided by Staff to the Council for consideration and stated if anything less than the proposed 25% was recommended, adjustments would need to be made to the Budget.

Councilmember Brown pointed out the majority of comments expressed during the public hearing, and even those expressed during the open house, were in agreement with the need for the fire station; the issue was with the amount of the proposed tax rate increase. She explained how those residents living on a fixed income or those disabled could apply for a property tax abatement with Davis County. Mr. Probert believed qualification for that was based on the amount of income which would be different than a fixed income. She requested Mr. Probert provide additional scenarios.

Councilmember Day expressed agreement with Councilmember Brown’s comments that the public was in favor of a new fire station. He announced he was in favor of a fifteen percent tax increase, using some of the Unreserved Fund Balance, and continue to maintain the certified tax rate in future years.

Councilmember Brown indicated comments from the public hearing had also suggested a lower certified tax rate. She mentioned the legislature was in the process of considering different options to increase sales tax at the State level. Mayor Freitag explained the issues the legislation is having to consider and the two percent would be detrimental to a city like Layton. A discussion took place about the different options the Legislature was considering which included internet sales and professional services and how this would additionally impact residents.

Mayor Freitag indicated unless the Council was willing to eliminate some of the priorities, a tax increase would be needed.

Councilmember Day clarified he was proposing an increase of a lower rate and appropriating General Fund reserve appropriations and maintaining that rate in the future. Mayor Freitag believed that would only allow for two of the three items to be completed in association with approving the Budget.

Mr. Probert stated the Council had just concluded a discussion specific to Sales Tax and pointed out it was the most volatile tax and cautioned the Council it shouldn’t count on Sales Tax for increases to the City’s budget.

Mr. Probert continued to provide different scenarios of possible increases and how much revenue would be generated from that increase and compared it to the proposed 25% increase. He also pointed out how those different scenarios wouldn’t generate enough revenue to cover ongoing costs. The Council specifically discussed an increase of 20%. Mr. Probert also provided information with a 15% tax increase and indicated that would not be enough revenue and suggested the City would find itself in a hole within five years, which would require the City to use Fund Balance to cover those shortages. A discussion followed and he pointed out Fund Balance was at approximately 14%.

Councilmember Brown requested Mr. Probert review why bonding wouldn't be an advantage and he reported if the City bonded approximately $4 million for the entire project over 20 years based on current interest rates, the City would pay anywhere from $1.5 and $1.7 million dollars in interest.

Councilmember Petro pointed out the City was required to use Impact Fees before the allotted time for that usage expired.

Councilmember Carter believed a tax increase of 17% would generate just under $1.2 million and clarified if that was what was needed the first year for the project. The Council continued to discuss each of the reviewed options presented by Mr. Probert. Councilmember Petro asked if Mr. Probert could provide her with a monthly cost to the residents for the 17% tax increase, 19% and 15%. Mr. Probert responded the 15% increase would be approximately $3.03 per month; 19% would equate to $3.84 per month and 17% would be somewhere in between, approximately $3.44.

Councilmember Petro asked if there were other items within the Budget which could be considered at this time and proposed eliminating the proposed $1 lighting fee on utility accounts and consider adopting a 19% increase in the property tax rate. A discussion followed. Mr. Probert pointed out any deficiency recognized in the lighting fund would result in amending the Budget later in the year to appropriate General Fund revenue to make up that difference. He expressed his opinion it would be in the best interest of the City to keep the $1 and pointed out if the lighting fund recognized a deficiency, the budget would need to be amended and funds would need to be moved from the General Fund to make up that difference. He stated once that action was needed, it would no longer be a self-sustaining fund and emphasized the fund was intended to cover its expenses.

Mr. Jensen reminded the Council the City had traditionally deferred to other entities when considering a proposed tax increase and emphasized the City had never raised property taxes in over 30 years and cautioned the Council if the City didn't start protecting itself in regard to revenue, a reduction in services to its residents would be inevitable and the discussion continued regarding the proposed tax increase and the proposed lighting fee increase.

Councilmember Day expressed agreement with Mr. Jensen's comments and pointed out in addition to the lighting fee and proposed tax rate increase, the City had adjusted water rates and other utility rates over time. He stated he wasn't concerned with any other entity's tax increase except for the fact that it would impact residents of Layton City. He suggested adopting a certified tax rate that would cover construction costs at this time.

Mayor Freitag suggested the discussion regarding the street lighting fund should take place separately from the tax increase and was comfortable with nothing less than 17%. He stated he was in favor of a 19% property tax rate increase and the discussion continued.

Mayor Freitag emphasized the decision on the proposed tax rate should most definitely take place during the public hearing and suggested informing the residents the tax increase being considered would be somewhere between 17% to19%.

<u>COMPREHENSIVE GENERAL PLAN AMENDMENT – ORDINANCE 19-18</u>

This item was not addressed by the Council.

MAYOR'S REPORT

There was no Mayor's Report.

The meeting adjourned at 6:55 p.m.

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Kimberly S Read, City Recorder