

**MINUTES OF LAYTON CITY
COUNCIL BUDGET WORK MEETING**

APRIL 30, 2020; 8:00 A.M.

**MAYOR AND COUNCILMEMBERS
PRESENT:**

MAYOR JOY PETRO, ZACH BLOXHAM, TOM DAY, DAWN FITZPATRICK, CLINT MORRIS, AND DAVE THOMAS

STAFF PRESENT:

ALEX JENSEN, TRACY PROBERT, DAVID PRICE, AND KIM READ

The meeting was held at Fire Station 51, 530 North 2200 West, Layton, Utah.

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

AGENDA:

BUDGET REVIEW – FISCAL YEAR 2020-2021

Alex Jensen, City Manager, informed the Council of Governor Herbert's announcement of moving from level red to level orange as it related to the COVID-19 Coronavirus Pandemic and how that would allow the City to open certain venues in a responsible manner. He explained Parks & Recreation had, and would continue, to answer questions from the public regarding the opening of certain venues and programs.

David Price, Parks and Recreation Director, distributed a handout which identified Staff's recommendations for different City facilities and amenities to comply with Governor Herbert's Order moving from level red to level orange.

He stated Surf'n Swim would be allowed to open for lap swim and water aerobics with certain restrictions. He explained the lifeguards had completed some online training and would need sufficient time in the pool, which he believed would be approximately a week and a half. He also explained how racquetball would first be allowed in the facility and how Staff recommended opening of the pool facility. Staff also recommended opening the museum by reservation/appointment only.

Councilmember Fitzpatrick inquired about the distancing and masks. Mr. Price responded patrons visiting the museum and Surf'n Swim would be expected to wear a mask until the physical exercise began.

He also indicated pickleball, tennis, and basketball courts could also open; however, no organized games/matches would take place. He indicated the restrooms in City parks would open on a staggered basis allowing Staff the appropriate time to disinfect. The recommendation for the skate park would be to open with signage instructing users how to safely use the facility. He reported if users didn't follow the advertised guidelines the City would be forced to limit access. He informed the Council this plan had been sent to the State Health Department which had expressed its support of Staff's recommendations.

Mayor Petro indicated she was in favor of what Mr. Price had presented and shared her knowledge of what other cities were doing and a discussion followed. Councilmember Thomas recommended signage be very direct and to the point. Councilmember Fitzpatrick expressed concern regarding enforcement or lack thereof.

Mr. Jensen shared information regarding what other cities were doing respective to pickleball courts and the discussion continued regarding the City's pickleball facilities. Councilmember Morris expressed his support of Mr. Price's recommendation. He believed Governor Herbert wanted these issues to be decided by local officials, and pointed out the proposal did that. He expressed his opinion the facilities should

open, with signage, monitor the usage and enforce the allowance and restrictions.

Councilmember Bloxham expressed his opinion the City's plan paralleled the Governor's recommendation and asked Mr. Price if Layton was prepared to open tomorrow. Mr. Price responded Staff was prepared to open tomorrow.

Councilmember Thomas expressed concern with compliance to the signage and Mr. Jensen responded enforcement of signage would be difficult. Councilmember Day didn't believe the City should be enforcing compliance and suggested signage should be effective in that regard. He stated he was in favor of opening facilities, including playgrounds but suggested leaving the museum and Surf'n Swim closed for the immediate future. Councilmember Bloxham clarified playgrounds were required to be closed.

The Council directed Staff to open facilities beginning May 1, with appropriate strong signage and light enforcement. A discussion took place on how the public would be informed regarding the opening of facilities and Councilmember Morris suggested information regarding the opening be placed on the City's website. He also suggested language reflect that participants should police themselves.

Mr. Jensen informed the Council the City was also prepared to weather this pandemic challenge specific to the Fiscal Year 2020-2021 Budget. He pointed out the City's department heads were very disciplined in requesting funds to operate their respective areas and mentioned the 2008 recession. He stated the City weathered that challenge without having to lay-off or cut City positions. He expressed confidence with the City's position relative to its financial position and suggested the Council base its decisions specific to the budget on factual information or speculation. He spoke to challenges expressed regarding Sales Tax and mentioned the numerous tools which could be utilized and emphasized the City had nothing to fear and stated Staff was prepared to make recommendations to the Council. He believed the City's legal and financial houses were in order and expressed confidence other aspects of the City would fall into place. He believed adjustments to the budget would probably be needed; however, the City's financial house was stable, and based on data, the budget would come together.

Tracy Probert, Finance Director, expressed his desire for an open discussion with the Council to freely express input and concerns. He reviewed the timeline specific to the Budget Adoption with the Council. He explained the Budget, presented by Staff, had already accounted for some economic downturn. He mentioned some interest had been expressed about small property tax rate increases from time to time as opposed to a large property tax increase, as was experienced last year.

Councilmember Day asked if the City had any knowledge regarding car sales and Mr. Jensen responded the City didn't have any information specific to local sales and reported information provided by the Utah League of Cities and Towns had indicated the national trend reflected a decrease by approximately 25% and made the assumption the City's Sales Tax Revenues would certainly be affected. He explained the difference between current circumstances compared to what was experienced during the Great Recession. He emphasized the Council had tremendous flexibility in amending the budget, should adjustments be needed throughout the year and suggested adjustments should be based on fact and a discussion followed.

Councilmember Fitzpatrick expressed concern with adopting a budget then during the month of July several departments started spending which would impact the ability to eliminate or hold off on some purchases or projects. Mr. Jensen pointed out Department Heads were aware just because there was an approved budget didn't mean appropriated funds had to be spent and suggested direction could be given to wait until September, or later, to proceed. Councilmember Thomas concurred with Mr. Jensen's comments and shared his personal experience working for the City and being instructed to hold off on spending. Mr. Jensen informed the Council each member of the Executive Staff was prudent with their expenditures resulting in unspent funds at the end of the year. He emphasized this was normal practice and not something implemented due to COVID-19 and its long term effects.

Mr. Probert continued to review the budget timeline and pointed out many of the line items in the budget would be held off until July Sales Tax Data was received in September. He added the budget could be

reviewed and amended at that time if necessary. He also mentioned the frugal environment Staff was accustomed to in regards to appropriations in the budget. He also indicated Staff had already identified five percent and ten percent operational decreases, should those cuts be necessary throughout the year.

Councilmember Morris inquired about B&C Road Funds and Transportation Funds. Mr. Probert explained the City received those funds on a more regular basis and reported those were reviewed more frequently. Mayor Petro responded the State had projected a decrease in these funds by approximately twenty percent and a discussion followed.

Mayor Petro asked if there were any projects which had been identified to be completed this year which could be delayed to be completed the next budget year and Mr. Jensen responded that was always an option. He spoke of the projects which the City wouldn't want to delay and those which could possibly be delayed. He stated the approach of the City had always been to fund projects which were reasonably needed and mentioned the importance of completing projects when needed to avoid operating in crisis mode.

Councilmember Fitzpatrick believed the public would expect the City to cutback since many of the City's residents would have to cutback in their personal lives and suggested the City be aware of those situations. Mr. Jensen believed the City was expected by its residents to manage its finances in such a way to provide certain services. Councilmember Bloxham expressed agreement with Councilmember Fitzpatrick's comments and suggested the City could make cuts to the budget to illustrate the City was also cutting back as some residents were required to do and the discussion continued. Councilmember Fitzpatrick believed she was appointed to represent residents of the City and was aware of many that were hurting financially and expressed her opinion those circumstances should be a consideration in approving the budget. Councilmember Thomas expressed his opinion, as a previous employee, the City's financial house was in order and expressed confidence with how the City was managed and believed it was in a good position to weather this situation and was in favor of moving forward with Staff's recommendations.

Mr. Probert reviewed General Fund projects with the Council identifying items which could possibly be postponed to be completed the next budget year and suggested the Council provide Staff with direction on items which should be eliminated and postponed and a discussion followed. Mr. Jensen explained the process Staff would use to identify items which could be eliminated from the budget. He also identified other funds and funding sources earmarked for other items which could be utilized if a decrease in revenues were recognized and the discussion continued. Councilmember Day expressed his opinion it would be premature for the Council to eliminate items in the budget out of fear based on his previous experience as a Councilmember and suggested taking a wait and see approach until Sales Tax data was received. The discussion continued.

Mr. Probert stated there were some items which generally go into effect July 1, such as merit increases for City employees, and inquired if the Council was comfortable moving forward with what Staff had recommended. He pointed out government positions were compensated differently than similar positions in the private sector and explained the private sector had many options available in the form of compensation. He also requested direction regarding the proposed \$2 Street Lighting Fee which would also be effective July 1 and reviewed options for the Council to consider. He also indicated he would need direction on whether the Council wanted to consider a possible Property Tax increase. He pointed out if the City chose not to proceed through the Truth in Taxation process associated with a Property Tax increase, the Council would need to adopt the budget during its meeting on Thursday, June 18, 2020. He indicated the Council would need to provide direction to Staff approximately a week before that date to prepare the budget document. He suggested the Council visit with Mr. Jensen regarding any questions related to the merit increase.

Councilmember Day expressed his opinion the City should move forward in maintaining the Certified Tax Rate specific to Property Tax. He believed the City should consider maintaining the rate on a more regular basis as opposed to having to implement a large tax rate increase and pointed out this would also

allow the City more time to collect Sales Tax data. Mayor Petro posed the question whether it would be a good idea to maintain the rate this year since implementing the large tax increase last year. Mr. Probert shared historical data for other cities which maintained its Certified Tax Rate. He explained the philosophy of maintaining the rate to ensure the revenue stream doesn't decrease significantly over time and reported many cities were transitioning to this as a normal practice as part of the budget process. A discussion took place and Councilmember Fitzpatrick wasn't sure if this was the right year to do that, although she believed in the philosophy. Councilmember Bloxham believed this was the Council's fiduciary duty to ensure the City received enough funds to operate and the discussion continued.

Mr. Jensen clarified the Council wanted to consistently go through the Tax in Taxation process, allowing the Council the option to consider the tax rate. Mr. Probert responded this would allow the City additional time for adopting the budget and the discussion continued specific to merit increases for employees. The Street Lighting Fund was also discussed and whether the Council wanted to proceed with the proposed \$2 fee increase to residents. Mr. Jensen informed the Council delaying the fee increase could affect installation of street lights associated with the Highway 89 project and the discussion continued. Mr. Probert pointed out expenditures associated with the Street Lighting Fund.

Councilmember Morris expressed his opinion the Council was elected to represent the residents of Layton City and believed the newly elected officials were successful during the election due to the previous tax increase and expressed agreement with Councilmember Bloxham to go through the Truth in Taxation process as part of the budget process. He believed the previous tax increase was for the fire station and wouldn't be in favor of even a small increase and stated expressed concern regarding the Street Lighting Fund. He stated he could support the merit increase; however, he wasn't in favor of any property tax increase for that to be accomplished and would be in favor of something staggered.

Councilmember Bloxham inquired about the merit increases and the philosophy with the employees of Layton City. Mr. Jensen expressed his opinion lack of a merit increases wouldn't necessarily affect recruiting. He pointed out it was a very competitive environment for public employees and stated the City had strived to maintain seasoned fire fighters and police officers and expressed his opinion Layton City employees continued to be committed to the City. He continued to explain how compensation was determined for City employees and positions and a discussion followed.

Mayor Petro requested Mr. Jensen explain how he intended to issue the merit increase to employees. Mr. Jensen responded and a discussion followed.

Mr. Probert stated the City was required to adopt a Tentative Budget during next week's City Council Meeting and pointed out the budget was a fluid document, given the current circumstances, and there would most likely be adjustments throughout the year. He continued to explain how the budget would be presented at future City Council meetings.

A discussion took place regarding the Street Lighting Fund and Mr. Probert stated the proposed \$2 fee increase would cover employee and the electricity costs and suggested this would be a good time to start funding the utility. The Council continued to express opinions regarding the budget process.

Mr. Probert pointed out if the City had no intention of raising taxes it shouldn't proceed through the Truth in Taxation process this year because the noticing and advertisement required an amount associated with the public hearing noticing and didn't believe it would put the City in a positive light and the discussion continued. Councilmember Bloxham stated the City shouldn't be afraid of the Truth in Taxation process.

Mr. Jensen reported Staff would continue to review data with the Council prior to adoption of the Budget. He requested the Council call either him or Mr. Probert with any questions.

MAYOR'S REPORT

Mayor Petro requested each councilmember nominate one of their own to serve on the Audit Committee.

Councilmember Thomas asked if the City had made a determination to cancel events on the Fourth of July or 24th of July.

Mayor Petro stepped out of the meeting at 11:07 a.m.

Councilmember Day stepped out of the meeting at 11:09 a.m.

Mayor Petro and Councilmember Day re-joined the meeting at 11:11 a.m.

Mayor Petro pointed out several events scheduled and planned for July throughout the State had been cancelled and solicited input from the Councilmembers and a discussion followed. Councilmember Thomas suggested the City cancel activities planned and scheduled for July 4, July 24, and the City's Centennial Celebration, and other events encouraging a public gathering until 2021. Councilmember Fitzpatrick expressed agreement and the discussion followed.

The Council directed Staff to cancel those events.

The meeting adjourned at 11:23 a.m.

Kimberly S Read, City Recorder