

**Pleasant Grove City Council  
Special Meeting Minutes  
Budget Workshop  
May 16, 2009  
9:00 a.m.**

PRESENT:

Mayor: Mike Daniels

City Council Members:

Cindy Boyd

Jeff Wilson

Mark Atwood

Bruce Call

Lee Jensen

Others:

Frank Mills, City Administrator

Gary Clay, Finance Director

Tina Petersen, City Attorney

Lynn Walker, Public Works Director

Ken Young, Supervisor of Community Development

Deon Giles, Leisure Services Director

Tom Paul, Police Chief

Marc Sanderson, Fire Chief

John Goodman, Street Superintendent

Sean Allen, City Planner

Dave Thomas, Deputy Fire Chief

Karen Bezzant, City Treasurer

Mike Smith, Police Department

Jay Dee Nelson, Recreation Manger

Kathy T. Kresser, City Recorder

The City Council and staff met at the Council Chambers at 86 East 100 South, Pleasant Grove, Utah.

Mayor Daniels called the meeting to order at 9:00 a.m. and welcomed everyone. He then gave an overview of how the meeting will go. First he would like to do a brief overview of the budget on how the finances of the city work, where the money comes from and where the money goes. Then he would like to review the budget in detail. After that we will take a lunch break. After lunch we will begin to discuss the background of the salary survey and then we will go into the executive session when everyone will be excused except for the Council and Finance Director Clay. The Mayor then declared that there will be no action taken on any of the items that will be discussed but there might be some assignments given. He then asked Council Member Call to offer the opening remarks, which he did.

**1. TO DISCUSS CITY'S TENTATIVE OPERATING AND REDEVELOPMENT AGENCY (RDA) BUDGETS FOR FISCAL YEAR 2009/2010.**

The Mayor explained that there are three different funds that the city uses to run on. The first is the General Fund which is the operating fund of the City, almost everything that is done in the City is done through the General Fund. The next one is the Capital Fund which is the account that we put money into to fund the larger projects of the City, like buildings, the purchase of major equipment and land, as in roads. The last one is the Enterprise Fund that is used solely for the purpose of the individual fund, like water, sewer and storm drain.

Mayor Daniels then explained each individual fund more in depth.

**The General Fund.** The largest part of what we do is people. The people account for about two thirds of the cost of the General Fund, and the other one third is actually things like bond payments which are huge amounts of money but they are not operating costs they are a repayment of a debt. There is something about the people that you need to understand, the City is a service organization, people provide the services and equipment will sit idle without the people. Happy people provide excellent services and that means the citizens are happy. The sources that make up the General Fund come from sales tax and property tax. The Mayor then showed a graph of the last ten years on how the sales taxes and property taxes have peaked and gone down. He then indicated that the largest form of our income comes from sales and property taxes, about 57%. He then turned the time over to Finance Director Gary Clay to explain how the City gets its money through sales tax.

Director Clay said that the State calculates and distributes sales tax about three months after they are generated. Anytime a sales tax number is shown, it is about three months old.

A city's sales tax is calculated based upon its population and the amount of sales tax generated within the City from direct point of sales. One half of one percent of sales tax generated in a City goes to that City. Another one half of percent goes to the State wide pool and is distributed upon population. The total distribution from the sales tax was about \$255,000.00 for the month of April (February). Director Clay said that with the decline in the economy that sales tax revenue has declined also but Pleasant Grove is only down 4.7%, which is not bad because Lindon is down a lot more than that because of their population.

Mayor Daniels said the second largest revenue builder is the property tax, this includes all property, the homes, the commercial and the businesses and the personal property that is inside the businesses and they are taxed differently. Homes have a market value and an assessed value which are not taxed at the same rate as a business. A business' property tax is calculated based on 100% of the assessed value, which is the bulk of where the property tax comes from. Homes' property tax is calculated on less than its assessed value. Director Clay indicated that the only thing that is taxed different is the property in

green belt (land being farmed). Director Clay also said that the county does the calculations of the property tax not the City. He also said that the City is not looking at a tax increase for property tax.

Mayor Daniels then went into a discussion of the expenses of the General Fund. The Public Safety accounts are the largest expense; the second is Leisure Services, which includes the parks, recreation and the Library, and next is the general government. So when you look at the expenses in the General Fund is about 59% of it goes to the public safety services. The Mayor then said that with the General Fund come rules. Many citizens, staff and Council have questions as to why money in the General Fund from one department cannot be used to subsidize another department. They also question why we say the budget is tight and then we purchase land or houses. When we set the budget as a Council any changes between one department and another requires approval by the Council. So if you are going to increase one department budget and reduce another then that has to come before the City Council for approval. The next thing is that the revenue must equal expenses. So if you are forecasting revenue you also have to forecast an expense to go with it. You have to have a balanced budget. The next rule is that if you have a reserve then it cannot be less than 5% of the budget and anything that is over 18% must transfer to the Capital Fund where it cannot be transferred back.

**The Capital Fund.** The Capital Fund is where the major purchases for equipment come from. In this fund you will not see any small cost items taken out because most of the equipment has been leased or taken out of the General Fund. Another thing that comes out of the Capital Fund is the construction of a road; maintenance of a road does not come out of the Capital Fund, just the construction.

Mayor Daniels then commented that the sources that create money for the Capital Fund are in the General Fund if there is a balance that exceeds 18% it needs to be put into Capital Funds, also sales tax refunds go into this account. If the City goes out and bonds for specific capital projects that money will go into this account and we will have to pay it back, but that is where the revenues will be received. Finally there are specific federal grants that the City receives that are for specific capital improvement projects that goes into this account as well.

**The Enterprises Fund.** Generally speaking this fund is for water, sewer and storm drains. Mayor Daniels said that the kinds of projects that fit into this fund are repairs or construction of the water, sewer and storm drains. This Fund gets its revenues from fees that are charged for these services. The rules for using this Fund is the sources are put into an Enterprise Fund and can only be used for the service provided by the Fund. It is a real dangerous thing if we start borrowing from or loaning to the Enterprise account. To pay this account back we would have to start charging higher fees and the citizens get very concerned with this.

Mayor Daniels then said that the impact fees that the City charges generally go into the General Fund unless they are allocated for water, sewer and storm drain and then they will go into the Enterprise Fund but those that are in the General Fund are restricted to

use only for the purpose that they are collected for, like the impacts fees that are collected for the police or parks and recreation can only be used for that purpose and they have to be associated with growth of the City. Administrator Mills commented that that is why it is so important to have an updated capital facilities plan in place, so when a development comes in the developer pays for the cost of the improvements for the growth that they are bringing in and the City doesn't have to pay for them. Attorney Petersen said the thing about impact fees they have to be spent or encumbered within six years. If you can't show what they are being used for then you have to refund them.

The Mayor summarized the three Funds, the rules on how they are governed and where the revenue comes from. He also said that most of the time when decisions are made they are talking about the General Fund.

Mayor Daniels indicated that there will be a five minute break and when we come back we will go through the budget.

The Council then took a five minute break.

Council Member Jensen asked if instead of going through the budget could it be moved after the Policy and Procedure Manual discussion because of the public, they are interested in the Policy and Procedure discussion. Council Member Call said that he would like to go through the budget. The Mayor responded that the budget shouldn't take very long. Mayor Daniels then proceeded with the budget review.

Mayor Daniels commented that with the work of the finance director and the other department directors they go through and they bring together all the information to compile the budget. Then it goes through several revisions collectively and individually until it comes into balance. Then the Mayor sits down with the team and goes through the budget to make sure there is a clear understanding of what is going to be presented to the Council. At that time it is brought forward to the Council for the preliminary hearing and once we are satisfied that we have something that we can work with and we draw up a draft where changes can be made and have the budget available for the public for review. Then the budget needs to be adopted officially, and that will happen at the June 2, 2009 City Council meeting. Once that it is adopted then changes can't be made unless it comes back to Council.

Mayor Daniels then read a letter that he had sent out to the Council and Staff giving direction on the process of the budget.

The Mayor commented that for the purpose of the budget today we will only be looking at the budget years of 2008 which is an actual, 2009 which we are in the middle of the year and then the department requests. Right now there is a net gain of over \$39,000.00; forecasted in the 2009-2010 budget; the budget is effectively balanced with the exception of the net gain. He then said that Administrator Mills, Director Clay and Treasurer Bezzant get together and look at the revenues that have come into the City, and they go through the revenues until they come up with something that they feel would be a

conservative estimate of the revenues that will be coming in the next year. What you are seeing under the 2010 budget is a conservative estimate as to what the revenues will be for the coming year. The sales taxes have decreased in the last two years so that will make changes to what the City is bringing it and will have an effect on the budget.

Mayor Daniels said that the next largest area is charges for services. Director Clay then went through the fees for services that the City charges to generate revenue.

Council Member Jensen asked if these are the fees that will be coming in until the end of the year or is this to current date. Director Clay replied that this is what they have determined it to be at the end of the fiscal year.

The Mayor then went on to discuss the next largest area in the budget are the revenues. He then pointed out the categories in this area and how the people and Funds mix with the General Funds and Enterprises. Director Clay said that the Enterprise Fund pays a portion of their Funds to the General Fund to pay for the overhead costs and that is an established fee. Mayor Daniels indicated that as the figures total up there will be a small decrease in the revenue from last year.

Council Member Jensen asked for clarification. When the Enterprise Fund was introduced at the beginning you indicated that you could not add to the Fund. Director Clay replied that we cannot borrow or loan to the Enterprise, this is a charge to that Fund for all the administrative costs associated with the Fund.

Mayor Daniels continued reviewing the budget by going into the expenditures. Council Member Jensen commented that with the presentation at the beginning of the meeting we already went through the expenditure part, is it necessary to go through it again. Mayor Daniels responded that is the message that he would like convey. This budget is pretty much stretched out. The items that have been cut out of the budget are furniture, new hires, fixtures, and equipment. What you have left are the essential supplies and equipment. That is the essence of the 2009-2010 budget, to go through it line by line would be repetitious it's all about the people. It was agreed upon to not go over the expenditures part of the budget in great detail.

Council Member Jensen said that if we are talking about "people" he would like to know who is provided a vehicle because it is one of the items that are provided for in every single category. He would also like to know who gets compensation for using their personal vehicle. It doesn't break it out it just says vehicle. Mayor Daniels said that we would start at the end of the table and see who has what. Attorney Petersen said she is provided a vehicle.

Council Member Boyd asked if we lease the vehicles or do we own them outright. Director Clay replied that we have both. We own the vehicles except the public safety and the fire, they lease the three vehicles that are used by the directors. Mayor Daniels commented that it also depends on the age of the vehicle and whether the vehicle is

leased or owned. The car Attorney Petersen drives has been decommissioned from the police department, so it has been handed down.

Council Member Jensen questioned if it would be more cost efficient to provide the employee with a car allowance and then let them use their own vehicle. That way they would be taking care of all the maintenance of the car and receive the compensation for that and the City doesn't have to be responsible for that vehicle.

Director Clay said he is the only one that receives a vehicle allowance. Mayor Daniels said that that is a very good study question and we should take that as an assignment and study it out. He then started a follow up question list to add to and review later and make assignments.

Administrator Mills commented that he had just got done paying the fuel bills and he only used about \$110.00 in fuel and Attorney Petersen used about \$80.00 for the month. If you start looking at giving a vehicle allowance for \$300-\$400 a month that is more money than the city wants to pay. Also if the City owns the vehicle they have a greater say as to what can be done with the vehicle.

Council Member Jensen then asked if there is anything in the Policy and Procedure manual that restricts the personal use of the vehicle. Director Clay replied that there is except for the police and fire. They are out being seen which helps deter crime and they are required to respond to a scene if they are in the vehicle. Director Giles commented that he has people on call and they are required to take the vehicle home so they can respond quicker and they have all the tools on the truck so they don't have to go to the shop to get them.

Mayor Daniels then asked if the Council would like to discuss this item or have it as a study item and then brought back to Council. The Council agreed to have this item studied and then brought back. Council Member Wilson questioned why is the City not looking into more fuel efficient vehicle than the bigger SUV's that they are driving. The Mayor indicated that he would add that to the follow up question list and study it and then come back before the Council with it.

Council Member Wilson also questioned the cell phone costs. Does everyone have a cell phone? Council Member Atwood asked if the rates on the cell phones are checked every year. Police Chief Paul responded that they keep an eye out for competitive rates. The City is not locked into any one carrier so if there needs to be a change we can do that without a cost for dropping a service.

Council Member Wilson commented that he has looked though the budget and this is really tight. His main concern is the employees and if we need to make cuts in other places to retain the employees we have then we need to do it.

Administrator Mills said that as Staff they will go back through the budget again and if there is something that can be done about the cell phones or vehicles before the new budget they will do it, but some of these items will have to wait until next year's budget.

Council Member Jensen said that he did not see anything in the budget for the Mayor and City Council. Mayor Daniels replied that they are under the general government category, along with non-departmental supplies like plaques that are given out for recognition and elections.

Council Member Jensen asked what goes into the miscellaneous items. Director Clay replied that covers things like the City Christmas party, the summer party, the fireworks and other things like that.

Council Member Jensen asked if there was a line for the Fox Hollow Golf Course. Director Clay responded the fee for that mostly comes out of miscellaneous; but they do have a debt service account to cover the bond payment and the interest payment on the land that is what the City is responsible for. Mayor Daniels indicated that he would add this to the follow up questions list as to whether we should plan on a regular budget for the golf course.

Council Member Wilson asked about the part time wages for the Fire Department. We just hired quite a few fulltime personnel and we still need that many part time? Fire Chief Sanderson commented that they rely heavily on the part time people. Council Member Wilson then asked so when we brought all the fulltime people on didn't it help with the coverage? Council Member Atwood inquired about the overtime that is being paid. Fire Chief Sanderson said that there is a FLSA (Fair Labor Standards Act) requirement that if there are four hours overtime every eighteen days and if they don't take time off then the City has to pay overtime for those four hours. Council Member Atwood then asked how often the overtime is paid out. Fire Chief Sanderson replied that it is paid out every eighteen days. Deputy Fire Chief Dave Thomas commented that when the regulations for overtime was created the government said that you have to get paid overtime for any time after 40 hours are worked. They didn't take into consideration that firefighters work typically 56 hours a week and it was brought to their attention that the cities can't pay for that much overtime. So what they did was create a graduating scale and picked the one that is the most fiscally responsible for paying the least amount in overtime, that is why we end up with the little bit of overtime. Attorney Petersen went into a little more depth. She said that the FLSA has an overtime exemption sheet for public safety employees where they do take into consideration the extra hours that they may work. The City can adjust that by choosing what the work week is and what schedule you are on. Police officers can work 212 hours in a 28 day period before they have to pay overtime. It is similar for the firefighters. So we looked at the federal law and tried to accommodate that by choosing the work period when we have to pay the least amount of overtime. Fire Chief Sanderson said that most of the employees have elected to take compensation hours instead of taking the overtime pay.

Council Member Boyd asked about the engineering within the Community Development. Are we still having JUB review our plans? Director Young replied that they still do review the plans for development but not as much as before, we are bringing it more in house. Council Member Boyd wondered if it would be more beneficial to only have one outside engineering firm instead of two or would that overload the staff. Director Young said that he would like to have a complete engineering firm in house to do the work, but for right now we are just going to go with what we have.

Mayor Daniels asked if there were any other general questions. Council Member Wilson commented on the great job that has been done with the budget.

Council Member Boyd said she would like to hear from the Department heads to hear what they have to say about the budget cuts.

Fire Chief Sanderson said that he felt that the biggest challenge was with the already reduced figure that they were given a few months ago and then taking that number for this year's budget. It really took away our "niceties" but it was worth it to take care of our employees especially our part time people. It has left a very positive impression on our entire department.

Director Walker commented that he feels good about what they are able to do with maintaining services with the current budget and taking care of the employees and keeping it status quo. He also said that he appreciates the support that he has gotten from the Council.

Director Young said that he would say ditto to what Director Walker just said. With the economy going down we have made some adjustments with our finances. We do feel like its bare bones but we feel like we can work though it. As development picks up and the revenue picks up he hopes that Council will take a look at the budget again and make adjustments where needed.

Police Chief Paul said that he feels the same as the others. At the first half of the fiscal year there was a struggle because we had a lot of new employees that we had to train, but they are all trained now and doing a good job.

Director Giles said he appreciated the managers and staff and what they are doing to go through the budget process, it is pretty lean and it has been a good exercise for them to step outside the box and see what we could do differently with the same amount of money. He also said that he is actively looking for Funds and grants to help out. This has been a good process.

Attorney Petersen said that she has had zero growth in her budget, it is exactly what the budget was last year. She did say that they are getting a little tight on covering the increased crime and case load but so far so good.

Administrator Mills commented that this is the 34<sup>th</sup> time that he has gone through the budget process. He told the Directors after the first of the year this would be one of the easiest budgets to do because of the economy. He also said that prior to that he sat down with each of the Directors personally and explained to them the shortfalls that we will have. He looked at each of the budgets and determined where the cuts should take place and then when the Directors had their budgets done he went through them with each Director and they pretty much cut all the line items that he had. They have done an excellent job. Administrator Mills said that each year he had tried to do something different with the budget. This year he decided to extend out to other staff members for them to see what the budget process is all about. The budget just doesn't magically appear with numbers that they can use. This has been very helpful to them because over the next twelve to eighteen months, maybe sooner with what may be coming down the line with the State Retirement, you could see some turn over in some key positions and he felt like it would be good to have other people understand the process and go back and explain it to the other employees of their department. He then said that he really appreciates the work that Director Clay and Treasurer Bezzant had done with the budget. It has been a good process and it shows the type of employees that you have. The citizens in Pleasant Grove will get just as good if not better service because of the employees that we have.

The Mayor then commented that there are a couple of things that we need to understand about the budget. We have taken a very conservative approach to the revenue forecast for this year so we could actually come out like this or better. In the expense side the Staff took an extremely conservative approach and we focused on people rather than the things that people use. Built into the expense is any recommendations that we would make for salary adjustments, be they merit or from an increase from the competitive analysis market study. All those numbers are already included in the budget. There will not be a cost of living adjustment this year. There are no new positions that will be created, but there will be backfills when people retire, there are some promotions where we have idled that position because of what the City has to pay out because of a retirement, all of this has been counted in this budget. In addition to that Administrator Mills has arranged with the Department of Work Force Services who will pay for people to come in and work as a temporary person to help with the departments that have requested them. That brings us down to the \$39,000.00 that we have as a forecast surplus. We have talked to the Directors and they discussed it and the consensus of the Directors was to keep the money in a fund and as we come across a crisis or opportunities then we will let the Directors discuss it and they will decide where that money will go. Administrator Mills commented that with this money we could use it as grant money and if a department needs something they will have to fill out the paper work like a grant and then it will be determined if they will get the money or not. He also said that he would like to start to budget something like this starting with the next budget.

Council Member Atwood asked if this will need to be done to get equipment, instead of just going to Director Clay and asking for the money they will have to fill out paper work and then have it go through the Directors. The Mayor replied that it would.

Mayor Daniels stated that as the economy improves then the budget could be looked at again in January and see where we are at and see if there needs to be a change. He then reviewed the list of follow up questions and he said he would assign these out.

The Council then took a break to get lunch.

**1. TO DISCUSS THE POLICY AND PROCEDURE MANUAL.**

Mayor Daniels commented that over the course of the last 3 years the Mayor and Council adopted a new policy and procedure manual. During the process of doing that there were some irregularities found. One of which will be discussed later in this meeting that has to deal with something that was changed and should not have been changed. He then said that he has gone through the manual page by page and there are several changes that are of particular interest that we need to be observant of. Attorney Petersen has listed them in a memo and what he will be showing is the underline strike out version and the cleaned up version so you can see what has been changed. He indicated that there are several changes that will be coming through the legislature that have been included in the clean version. He then turned the time over to Attorney Petersen for her presentation.

Attorney Petersen then proceeded to go through the changes to the manual.

- Page 14 - “Equal Opportunity” the wording “or genetic information” was added based upon the recent Utah Employee Law Letter to the equal employment opportunity policy.
- Page 18 - “Purchasing” the minimum threshold for requirements of 3 bids was raised from \$1,000.00 to \$2,500.00.
- Page 18 - “Time Sheets” a requirement was added to clarify that all exempt employees are responsible to submit timesheets accounting for any leave that they take, like sick leave or vacation.

Administrator Mills commented that along with this there may be a change to the hours that Staff is working. Public Works, City Hall and Community Development have been working 4 -9 hour days and then ½ day on Friday or 4-9 hours days and then an 8 hour day and then the next week a 4-9 hour day and a day off. Taking a look at that there is not a lot that we can do to stay within the parameters of the FLSA and not have to pay for the over time that is worked over 40 hours in a week. So most likely there may be a recommendation coming before the City Council for City Hall and Community Development to look at the schedule that the Public Works is on or just go back to the regular 5 – 8 hour days.

- Page 23 - “Alcohol and Drug Testing” changed “all positions SHALL be required” to “all positions MAY be required to participate in alcohol and controlled substance testing.” Sensitive positions will be required to take the test.
- Page 34 - Employee Hiring: Section 2 “Recruitment” 2A(1): removed the requirement to notify all employees in writing as it was too burdensome for supervisors.

Attorney Petersen said that we will also be adding a statement that positions shall be posted internally for one calendar week before going to outside sources.

Council Member Jensen commented that because of the current economical conditions and not really knowing when they will be relieved, he was wondering about the City doing a “hiring freeze.” The example that he gave for this is the retirement of Lt. Clark Nelson. When he leaves then the proper procedure will be to find someone internally to replace him, so that person moves up. That would cause another vacancy and then another person moves up, etc. But there comes a point when you have done all the internal promotions and that still leaves a vacancy, and at some point we need to consider a hiring freeze.

Council Member Atwood responded that right now every department is running at a minimum and not hiring someone to replace that person would not be the right thing to do. The money is already there and the person should be replaced.

Council Member Wilson indicated that losing someone like Lt. Nelson at his rate, then you would bring someone in and he would be at a lower pay scale so you are already saving money. Council Member Atwood reiterated that you cannot have a hiring freeze now.

Council Member Jensen then asked if we hire someone at a lower pay range and you have extra money wouldn't you want to hire an extra person. Mayor Daniels replied that the way that the budget is structured a new position in a department will have to be approved by the Council. The second part is that we have calculated in the individual that has chosen to retire, most likely what would happen is where the vacancy will end up being left there will be that saving in the amount of money being paid out by the City. There is also a timing component in that, we have determined that we will not immediately back fill all positions we will have to look at how long will we be required to pay out certain things to individual that left us before we can afford to bring that other person in at that rate or another rate. He also commented that he has thought about what Council Member Jensen meant when he said that we should think about doing a “hiring freeze.” What the Mayor thinks Council Member Jensen meant was that we should have a cost neutral or a cost benefit to the City in keeping the overall pay down by not bringing in new employees. Council Member Jensen said that he did not want to have extra money and the departments thinking that they can hire new employees. Mayor Daniels then again said, any new positions for any department will need to come before the Council for approval.

- Page 34 – Employee Hiring: 2A(2) removed parenthetical remarks as unnecessary.
- Page 35 - Selection. 3A Nepotism: removed the restriction on relatives working in the same department. New language simply restrains relatives from being supervised by a relative.

Attorney Petersen commented that the language also prohibits any public official from recommending a relative for employment or using their influence to get a relative hired. She also commented that with the new language it restrains relatives being supervised by a relative but if the Council would like to stay with the current policy then that is a decision that you have to make. Council Member Call asked if this only applies to full time workers. Attorney Petersen replied that there are exceptions for seasonal workers and part time. This would include permanent part time employees.

Council Member Wilson voiced his concern about this item. When you have an employee that wants to come on full time and is very professional in what he does, but because of the situation in the past, workers cannot hire this individual because of this clause in the manual. Mayor Daniels commented that we cannot create the policy on a case by case basis. We have to make it a broad enough policy to cover the majority of the cases of what you are trying to protect or prevent. The general concern here and the reason for that concern is it happens in every City and private sector and that is nepotism which is a bad apple and turns out to be unhealthy in the organization. The policy is to help us error on the side of protecting the City. If there is a separation between relatives in the job to where it is not a direct situation or the relative can't apply pressure to the supervisor of the individual to do something to that individual. The Mayor also said that we as a City are getting to the size where we need to adopt a nepotism policy.

- Page 35 - Selection 3B Elected Officials: I have highlighted the disputed language. This language was added in the last revision/approval of the manual. This is the policy that the council has voted on to discuss and give direction to staff on any proposed revisions.

The Mayor and Council will discuss item later in the meeting.

- Page 43 - Section V: Sexual/Gender Harassment. G. Intra-Office Dating: we have changed the language to prohibit intra-office dating and any consensual romantic relationships that negatively impact the workplace and/or the public trust.
- Page 48 - Section VI Disciplinary Action: Added paragraph D to give the City some added protection in cases of disciplinary action including termination.

- Page 49 - Section VI Disciplinary Action: Section C “Suspension” added clarifying language to the effect that if the employee is suspended for longer than 30 days as a disciplinary measure, the employee will be responsible to cover the costs of their insurance coverage.
- Pages 72 and 73 - Employment Classifications: Added language in both the Compensation Time and Overtime Sections to clarify the rules regarding the Fair Labor Standards Act and comp time and overtime accruals. The prior language in the “boxes” was confusing and erroneous in some cases. Clarified that OT does not begin to accrue until an employee has ACTUALLY worked 40 hours in a work week, excluding all vacation/sick/holiday time used in the work week.
- Page 84 - Benefits: Workmen’s Compensation Section 1F “Return to Service”: added language to say that City does not have to return someone to light duty if no light duty is available just because the employee says they are ready to come back light duty.
- Page 87 - Section XV FMLA: Section 1A: Added language to conform to recent Federal Law changes regarding military personnel and the FMLA.

Attorney Petersen commented that this may change before the Council is ready to adopt the manual. She just received information at her Municipal Attorney Association meeting, but she hasn’t had time to read through them yet but if there are any changes she will let the Council know before adoption of the manual.

- Page 88 - There were several other language additions in the FMLA section to reflect new regulations from the Fed. Government.
- Pages 91 and 92 - Section XVI Leaves of Absence. Section 4E “Sick Leave Benefit as a Retirement Benefit” We are proposing to strike all of this language and remove this benefit. It has the potential to become too financially burdensome to the City in the long run and most other cities that have implemented this benefit are now removing it from their policy manuals. Anyone who has retired or retires before the policy change will be grandfathered under the existing policy and will not lose the benefit. Anyone retiring after the adoption of the new policy manual will not have the option of receiving this benefit.

Council Member Wilson asked if this will cover the employees that will be retiring now. Attorney Petersen replied that it only covers the employees that have already retired. Those who are going to retire after the adoption of the policy they won’t have this benefit.

Council Member Atwood voiced his concern that those employees that have been here for a long time and they have the 960 hours of sick leave. What benefit will they get? I

know that they get 25% of their sick hours paid out, but isn't there a way that we can compensate them, but not make it costly to the City.

Director Clay said that if someone took the 10 years of insurance the cost of the family would be \$107,436.00 and that is without inflation.

Attorney Petersen commented that the employee will have a payout of 25% of the sick leave when he retires or quits. Council Member Atwood was wondering if that number could be raised to maybe 50% on payout.

Council Member Jensen thought that there should not be any payout. If you don't use it you lose it. Council Member Wilson said that in the private sector you can get better raises, this is an added benefit to the employees. The Mayor suggested that we look into PTO (personal time off) policy in lieu of sick and vacation time and added it to the follow up question list.

The Mayor indicated that he would add this to the follow up questions.

- Forms: We are proposing to adopt a new time sheet. See Form 35 and new forms for suspicious persons and bomb threat checklists.

Mayor Daniels said that there will be a different time sheet for the fire and the police because they are on a different work schedule than the rest of the City.

The Mayor and Council discussed the proposed elected official/employee language at this time.

The Mayor stated that he would like to lead out on this discussion. He is currently serving as the Mayor of Pleasant Grove and has decided to not run again for re-election in 2009, but he also expressed public interest in applying for Frank Mills's position as City Administrator, after the fact. He commented that as the policy is currently written, if he were smart he would resign his post as Mayor and then if he got hired on as City Administrator, then he would turn right back around and run for re-election as Mayor and there wouldn't be anything that could be done about it. The policy as it is currently written would allow him to do that, and that is effectively a change of government. That is what the City is trying to avoid. We need to look at a broader perspective and ask, is it really our intent to have an individual serve as both the chief elected official and the head of administration in the City? If that is not the case that policy needs to be modified.

Mayor Daniels then said that what we need to decide is; what are we trying to protect our citizens from and how do we write a policy that helps them. He then opened up the discussion to the Council.

Administrator Mills commented that there was a resolution brought before City Council asking for a policy on this. It was turned down, it was voted down. Subsequent to that the policy and procedure manual was redone and it was placed in that policy and procedure manual. He said that he did not review that policy and procedure manual close enough when it was put in there. We as Staff were told that you didn't want it in there but it was put in there. As Council you were given a copy of the manual for review and he hoped that the Council did review. Council relied on Staff to make sure what was passed would be in there. It did not turn out that way and that is why we are having this discussion today, because it is in conflict with the resolution that the City Council turned down.

Council Member Wilson asked who knew that that was put in. Director Clay replied that he and Attorney Petersen and the consultant that the City had at the time, discussed this and thought that this was the compromise that the Council had talked about but the thing that didn't happen that should have happened is the discussion on this should have taken place in the City Council meeting when the manual was approved.

Attorney Petersen said that the resolution that she had proposed was to prohibit any elected official serving as an employee. If you were an elected official you couldn't apply to be an employee and if you were an employee then couldn't serve on the Council. If you wanted to run for an elected office then you could do that but if you were elected then you would have to resign as a full time employee. Council discussed it and voted against it. In the pursuing discussion it was decided that if the voters elect you knowing that you are an employee then that is up to them. The discussion with the independent consultant Dave Evertsen on this issue, he was told what the City Council wanted and then when he came to make the presentation to Council, Attorney Petersen and Director Clay noticed that he had written it different and was told that he needs to discuss it with Council to see if that is the way that they wanted it written and he didn't do it.

At this point Mayor Daniels suggested that we save who and how this happened and focus on whether this is what we want in the manual.

Council Member Call commented that if someone wants to run for office, let them run and let the people decide if they are disqualified or not by any criteria including being employed by the City.

Council Member Boyd replied should we let the citizens decide whether we want to be in a legal bind or if it is a conflict of interest. Mayor Daniels responded that it is more than that it is a change in government and that has to be voted on by the citizens not just an election of a person.

Council Member Jensen voiced his concern about having an employee on the City Council and when something like the budget comes up and that employee/City Council member does not recuse himself from discussion and vote, then that is a serious conflict of interest. We have to do all we can to maintain the trust level between City government and the citizens that the City represents.

Council Member Call agreed, for someone that is a City employee the conflict of interest is more readily apparent and he is going to be subject to more scrutiny. For example when Mark sits here as a City employee and we immediately bring up the fact that we will be voting on 25% or 50% of having the sick time paid out when someone retires. It is not as apparent as it would be if you are not both. There is more public oversight for a City employee than a Council Member.

Mayor Daniels said that these are valid points, but the point here today is that we currently have on our books a policy that states: "Elected Officials: May not apply for full-time employment if currently serving in the capacity of elected officials for the City of Pleasant Grove." Is this or is this not what the Council wants the manual to state, if not then what should the wording be?

Council Member Call commented that he liked the wording that is currently in the manual because this takes the citizens out of the picture. Maybe one of the criteria for being elected is that he is not a City employee, but now that he is elected and takes employment with the City, then that is wrong.

Council Member Wilson commented that he would be okay with the wording that is there if a statement were added that specifically addressed appointed positions. Council Member Atwood agreed that appointed officials should not be allowed to run for Mayor or Council, but if a lower level employee wants to then they should be allowed to. He also commented that being on the Council has been a great benefit to the City because if someone is talking about a concern with a road or a ditch he knows exactly where they are. He also said that there should be guidelines and rules that go with it.

Mayor Daniels commented that as he has been Mayor he has had conversations with directors, supervisors, employees and whatever is said publically is directed towards the elected officials that when asked they say that they don't have a problem with the elected

official, but the comments are that they are afraid to have an employee as an elected official because they cannot speak their piece openly for fear of retribution. If a Director or employee feels inhibited about carrying out their responsibility because of what might happen because the elected person is also serving in that kind of capacity that is not in the best interest of Pleasant Grove.

Council Member Atwood replied that the first time that he ran the employees were afraid of the elected officials because they didn't trust them and they were afraid that they may lose their jobs.

Mayor Daniels said what he thinks he is hearing is this, and the Council will have to tell him whether he is right or wrong on bringing this together. Everyone is uncomfortable when talking about Mayor, Director Level and Council. That is where we are uncomfortable. Where we are uncomfortable is with a policy that will allow Mayor or Director Level to serve on the Council side of the table or on the employee side of the table. Then we get to a point that some of us are saying okay maybe if we set a standard as to where administratively that position was, they might be able to serve on one side of the table or the other. Then there is another group that is saying that there isn't any position that you can serve on the executive side and on the legislative side. The Council agreed with this. The Mayor then said that the Council now has to come up with language that will be fair and reasonable for both sides and it does not violate a person's constitutional rights on both sides. Today the Council cannot make any decisions that are binding but we can have a discussion.

Attorney Petersen interjected that this is on the agenda for the next meeting for discussion and she can draft language that will include all three positions or we can continue the discussion today. Council Member Wilson responded that that is what he would like. Mayor Daniels said that his recommendation to the Council is that since you have articulated or clearly identified what the clear cut opposition is and where we are finding middle ground and work it through so that Staff has a clear direction as to what kind of language to come forward with or on Tuesday night will be a rehash of what was discussed today.

Council Member Call commented that if the majority of the Council feels that no employee should hold elected office then we don't have to worry about the wording.

Mayor Daniels then asked if the Council feels that an elected official should not hold an executive branch position or any position in the city. Two of the Council Members agreed with this. He then asked how many feel that if a person is holding a position on the executive side then they should not hold any position on the elected side. Three

Council Members felt that an elected person cannot serve as an employee. He then asked how many feel that any of the Council cannot be an employee. Three Council Members agreed with this.

Mayor Daniels then questioned that if you have an employee that wants to run for office and he is elected at what point do you make the employee resign. Council Member Call responded they resign when they take the oath. The Mayor then reversed the question; at what point do you make the elected official resign from elected office to accept employment. Council Member Boyd replied, when they apply for the position.

**NOTE:** City Recorder Kresser left the meeting at 2:30 p.m. and Council Member Wilson ran the recorder.

Someone questioned as to the current situation, will it be grandfathered in.

Continuing with the changes to the manual Mayor Daniels explained that there have been several changes and the discussion that just took place is just one of them. The numbering on the pages has changed, there is a form for time sheets showing what they worked and any time they have taken off. Director Giles asked if there could be a separate time sheet for the summer kids because they don't get sick time and vacation. Council Member Jensen asked if the time sheet could be electronic. Mayor Daniels replied that that can be done.

Mayor Daniels stated that they have covered the policy and procedure manual and said he would make assignments to review and report on the follow up questions.

**NOTE:** A five minute break was taken at this time.

Mayor Daniels said that the first part of the compensation is public but when we get into specifics we will go into executive session. He also said that he wanted to clarify the grandfathering. He has asked Attorney Petersen to write the language that if a person is already in the position and they are going to run for reelection, that would be part of the grandfathering. The Council will have to discuss this to see if that is something that the Council wants. Council Member Call asked that it be written up and they will discuss it when they have the wording.

The Mayor then said that every three years the policy requires that the City has an analysis of compensation for the employees. This year the study was done on the fulltime employees. The individual that performed the study was James A Wood. The Mayor then

went over Mr. Wood's background. He then showed the Council a power point presentation of Mr. Wood's report.

Council Member Jensen asked if it is typical for municipalities to consider both benefits and salary as part of the salary. Director Clay replied that it shows total compensation.

Mayor Daniels stated that what has been shown is available to the public. At this time he would like to go into executive session and called for a vote.

**ACTION:** Council Member Call moved to go into executive session to discuss the character, professional competence or physical or mental health of an individual pursuant to Section 52-4-205(1)(a) UCA. Council Member Wilson seconded and the motion passed unanimously with Council Members Jensen, Wilson, Boyd, Atwood and Call voting, "Aye."

The Mayor excused everyone but Director Clay and the Council asked for a motion to go into executive session at approximately 2:45 p.m.

**2.EXECUTIVE SESSION PURSUANT TO SECTION 52-4-205(1)(A) UCA.**  
**"DISCUSSION OF THE CHARACTER, PROFESSIONAL COMPETENCE, OR PHYSICAL OR MENTAL HEALTH OF AN INDIVIDUAL."**

ATTENDING:

Mayor:

Mike W. Daniels

Council Members:

Lee Jensen

Jeffrey D. Wilson

Mark K. Atwood

Cindy Boyd

Bruce Call

Others

Gary Clay, Finance Director

**ACTION:** Council Member Atwood moved to go out of the executive session and return to the open meeting. Council Member Wislon seconded and the motion passed unanimously with Council Members Jensen, Wilson, Boyd, Atwood and Call voting, "Aye."

**4. ADJOURN**

**ACTION:** Council Member Atwood moved to adjourn. Council Member Wilson seconded and the motion passed unanimously with Council Members Jensen, Wilson, Boyd, Atwood and Call voting, "Aye."

The meeting adjourned at 3:05 p.m.

This certifies that the Special City Council Budget Minutes of May 16, 2009 are a true, full and correct copy as approved by the City Council on June 23, 2009.

Signed \_\_\_\_\_  
Kathy T. Kresser, City Recorder