

**Pleasant Grove City
Budget Planning Retreat Minutes
February 05, 2016
9:00 a.m.**

PRESENT:

Mayor: Michael W. Daniels

Council Members: Dianna Andersen
Eric Jensen
Cyd LeMone
Ben Stanley
Lynn Walker

Staff Present: Scott Darrington, City Administrator
Ken Young, Community Development Director
Deon Giles, Parks and Recreation Director
David Larson, Assistant to the City Administrator
Dean Lundell, Finance Director
Denise Roy, Finance Director
Mike Smith, Police Chief
Dave Thomas, Fire Chief
Kathy Kresser, City Recorder
Tina Petersen, City Attorney
Degen Lewis, City Engineer
Sheri Britsch, Library and Arts Director
Marty Beaumont, Public Works Director

The City Council and staff met at the Fox Hollow Golf Course Clubhouse located at 1400 North 200 East in American Fork, Utah.

1) CALL TO ORDER

Mayor Daniels called the meeting to order and noted that all City Council Members were present. The majority of staff was also present with the exception of Sheri Britsch and Degen Lewis who would be arriving shortly. The Mayor then turned the meeting over to City Administrator, Scott Darrington, who conducted the remainder of the meeting.

Before beginning the 2015 Year Review presentation, Administrator Darrington clarified information from the most recent City Council Meeting regarding the development of the church on the Proctor Property. Although the road was removed from the Transportation Master Plan, the Church would still be required to put in a road to accommodate future traffic. The road may be smaller than what would have been required originally, such as a residential road. Administrator Darrington had spoken to the Stake President and would be in contact with the

Church's Development Department. Mayor Daniels thanked Administrator Darrington for the clarification and stated that there was a lot of confusion reflected on the City Facebook page.

Administrator Darrington commented that in the Council Chambers the sound technicians connected the audio directly into the camera for streaming purposes and the microphones work pretty well, however Council and staff will have to remember to speak directly into the microphones.

2) **2015 YEAR IN REVIEW**

Administrator Darrington began the presentation by explaining that he had gone through the City Council agendas and meeting minutes from the past year and created a list of activities and accomplishments. Each department also created a list of events from their specific departments and would be presenting those to the group.

Administrator Darrington presented the following:

- The City won the GFOA (Government Finance Officers Association) Budget Award.
- Staff began working with St. Johns Properties on several development projects.
- A ribbon cutting ceremony was held for Culinary Crafts.
- The City and the Beautification Committee updated the Water Conservation Plan.
- The City hired a new Structural Engineer to review the Old Rec Center, the Beck home, the old seminary building and the fire station.
- The Garden Grove residential project was approved.
- New department heads were hired for the Fire, Public Works, and Finance departments.
- The City began working with Knowlton General on the Downtown Project.
- Phase II of Shannon Fields was completed with the addition of two ball fields.
- A new Public Safety Building Committee was formed.
- The City updated salary ranges for appointed officials.
- The Storm Drain Impact Fee was updated.
- A cell tower was approved and was to be constructed in Manila Park.
- The Bella Grace Development was approved.
- The Nearon Building was approved.
- The City held discussions regarding R-rated movies at the Library.
- The City entered into an Interlocal Agreement with Everbridge.
- The TSSD lawsuit was resolved.
- A Watershed Protection Plan was adopted.
- There was discussion on a potential Boundary Line Agreement with residents on 900 West.
- An updated agreement was entered into between the Lions Club, Sportsmen, and Pleasant Grove City on the use of the Lions Center.
- Public Works installed sewer lines resolving issues for the Police and Fire Departments.
- The Justice Court was recertified.
- A site plan was approved for Murphy Oil.
- The City purchased the Cook Home located on Locust Avenue.
- A three-year Coordinated Road Plan was created.

- The Site Plan and Master Plan updates were approved for the new all-purpose trail.

Police Chief, Mike Smith, presented the 2015 Review for the Police Department as follows:

- Major Investigations
 - The Utah Community Credit Union robbery.
 - The View Point Apartments homicide investigation.
 - Cartel Drug Investigation, which led to 15 arrests and 20 pounds of heroin being taken off the street. This was a county-wide effort.
 - The lockdown at Pleasant Grove High School.
 - Total calls received: 23,315
 - Pleasant Grove was rated the safest City in Utah County.
- Grants Received
 - Internet Crimes Against Children: \$20,000
 - Victims Advocate: \$20,985
 - Department of Justice: \$2,000
 - Emergency Management: \$8,500
 - DUI Equipment: \$5,000
 - Ballistic Vest: \$1,135
- Public Relations
 - The Citizen’s Academy offered educational classes to hundreds of residents.
 - The School Walk Through Program
 - Honorary Colonels
 - Attention brought to the department by the “Nae Nae Officer”.

Council Member Andersen mentioned the recent arrest of two men accused of abusing small boys. One was sentenced to life in prison with 250 counts of abuse.

Community Development Director, Ken Young, presented the review of Community Development projects, as follows:

- Commercial projects included the doTERRA expansion, Aroma Tools, the Grove Commons Commercial project, Shamrock Auto, and the Thai House Restaurant.
- Residential projects
 - Mayfield Apartments- 214 units
 - The Commons Townhomes- 134 units
 - Thorneberry Townhomes- 24 units
 - Strawberry Creek Senior Home- 76 units
 - Grovecrest Senior Apartments- 162 units
 - Bella Grace- 28 residential units and 4 commercial units
 - Garden Grove Mixed Housing project:- 68 units and 41 single family homes
- Building Permits
 - Single Family Homes: 167
 - Multi-Family structures: 35
 - Additions/Remodels: 56
 - Commercial Buildings: 20

- 250 total building permits were issued, which is a 50% increase from 2014.
- The total valuation of the permits was \$69.5 million, which is a 24% decrease from 2014.
- Business Licenses
 - Current Business Licenses: 1,116
 - Commercial locations: 553
 - Home Occupations: 552
 - New Licenses in 2015: 159
 - Commercial Locations: 94
 - Home Occupations: 65
- Other Numbers
 - Total Building Inspections: 3,166
 - Subdivision Plat approvals: 24
 - Site Plans approved: 10
 - Ordinance amendments: 17
 - General and Master Plan amendments: 4
 - Rezones: 1
 - Conditional Use Permits: 19
 - Variances: 8
 - Appeal: 2

Assistant to the City Administrator, David Larson, presented information from the Human Resources and Administration Departments, as follows:

- Creation of the Parks and Public Works Career Path Program.
- Focus on social media and employee training that is offered.
- The employment application and job descriptions were updated.
- A new insurance broker was hired. The switch was made because of additional services offered by the new broker.
- The City Council Room has been through audio/visual upgrades to accommodate internet streaming.
- The volunteer website, new Performance Evaluation Form and Process, and the Police Career Path Programs are all near completion.

Fire Chief, Dave Thomas, presented the accomplishments of the Fire Department, as follows:

- Operations:
 - Fire nature calls: 366
 - Average response time: 4:04
 - Stacked calls for fire: 65
 - Medical emergencies: 1152
 - Average response time: 3:06
 - Stacked calls for EMS: 125
- There were several promotions made, as well as one full-time and five part-time new hires.

- The department is on the national list to provide services for wildfires. This year they were able to assist with a fire in Idaho.
- They established a Community Fire Volunteer Program.
- The department initiated a program helping all families to build a 96 Hour Kit. Each month a new installment is posted on the website and in the newspaper encouraging residents to purchase items based on their family's needs.
- They completed an ISO evaluation.
- The department has visited with thousands of residents through station tours, school tours, First Aid classes, and CPR classes.
- Approximately 1,000 people attended the Fireman's Breakfast, which is a decrease from recent years.
- They offer a high school Ride-Along Program.
- The department attended several events throughout the City, such as the Safety Fair and the Home Town Heroes event.

City Attorney, Tina Petersen, stated that her presentation did not include civil cases as most of those were mentioned in the previous slides. She presented the following:

- A new Legal Assistant was hired to the City Attorney's office, as well as a part-time Prosecutor.
- The office implemented a paperless DocuWare Software Program, which has cut copying and paper costs for the City.
- They also implemented a paperless discovery process, which allows them to email discoveries rather than printing and mailing. This has also cut expenses for the City.
- The City prosecuted approximately 600 criminal cases and 253 traffic citations.
- Total cases processed through the Court: 3,169.

Administrator Darrington commented the Attorney Petersen is a great support to Community Development and has helped with many of their cases.

Parks and Recreation Director, Deon Giles, presented the following for his department:

- A new, full-time Diamond Crew Leader was recently hired.
- The Trail Site Plan was approved, and that was a great learning experience for the departments. They anticipate construction starting this summer.
- They implemented the Turf Program for the City's sports fields.
- New corrals were installed at the rodeo grounds, as well as new concession stands and restrooms.
- Phase II of Shannon Fields was completed, and they would be conducting a ribbon cutting ceremony in the spring.
- At the cemetery, the department had the mow strip removed and the storage shed reroofed and painted.
- The Recreation Center was deep cleaned.
- They found cost saving products for custodial services.
- Power and lighting was installed in the Mahogany Park Pavilion.

- There was an increase in daily admissions to the pool and recreation center.
- The Beautification Commission completed the Water Conservation Program.
- Cemetery burials increased from 103 in 2014 to 134 burials in 2015.
- There were 63 Eagle Scout and Group Service projects, with about 3,747 donated hours of service.

Public Works Director, Marty Beaumont, presented information regarding water, sewer, storm water, and the secondary water system.

- Water Department
 - Water line replacement occurred on Locust Avenue, 300 East, and 350 East.
 - The Blue Energy project is near completion.
 - Over 100 water leaks were repaired.
 - The City maintained safe water samples throughout the year. It was noted that samples were taken once per month.
 - Old SCADA equipment was replaced.
- Sewer Department
 - The sewer was upsized on 100 West from Center Street to 400 North.
 - Sewer mains were installed for the Police and Fire Departments.
 - They installed Insituform Liner on sewer mainlines.
 - Roughly half the City has been televised and jetted through TSSD.
 - The department inspected sewer infrastructure on all new subdivisions.
 - The generator on the Sewer Lift Station was repaired.
- Secondary Water
 - A booster pump was used to take water to the upper zones in the City.
 - More than 50 leaks were repaired in the secondary system.
 - The department placed 30 meters for testing usage on the Secondary System.
 - Water violations decreased from 1298 to 855 last year.
- Storm Drain and Streets
 - The three-year Consolidated Road Plan was created.
 - The department continues to repair pot holes throughout the City, and encourages residents to report areas that need repair.
 - The City experienced no major flooding from spring runoff last year.

In regards to the Insituform Liners, Mayor Daniels asked if a similar technology was available for water lines. Director Beaumont stated that there was similar technology, but it was rather expensive. He also commented that the water lines are shallower than the sewer lines and could be replaced more quickly.

There was a discussion regarding storage water, and the comment was made that the storage level was about the same as it was this time last year.

Council Member Stanley asked if there would be a ribbon cutting ceremony for the Blue Energy Project once it reached completion. Director Beaumont expressed a hope that something like that would take place.

Library and Arts Director, Sheri Britsch, stated that her slides did not include happenings in the Arts from last year and stated that they did have some wonderful productions. Also excluded from the slides was their participation in the Heritage Jubilee, which went well. Director Britsch then presented the following statistics for the Pleasant Grove City Library:

- Visitors: 147,000
- Registered Library Cards: 30,237
- Item circulated: 385,183, an increase of 3.3% from the previous year.
- eBooks and audiobooks downloaded: 18,587
- Programs: 757
- Program participants: 28,563
- Volunteers: 357
- Volunteer Hours: 4,043
- Reference questions answers: 20,000 (estimated)

In response to a question from Council Member Andersen, Director Britsch explained playaway videos. One form of playaway is a small device preloaded with one MP3 audiobook (or two or three children's books) that can be checked out. There are also slightly larger devices preloaded with mostly children's videos. These devices are very popular.

Mayor Daniels asked if these statistics were posted on the library or City websites, and Director Britsch responded that they had been posted to the library Facebook page but not yet to the website. Mayor Daniels requested that these presentations and statistics for all of the departments be made available on the City website. Council Member Stanley stated that he has received requests for copies of the packets for this retreat, and asked if he could share the packet through email. He was told that he could, and that the packet would be available on the City website as well.

Director Britsch mentioned that Think Architecture would be submitting their qualifications for the elevator project as soon as that day.

Director Giles then presented statistics and information about the City Recreation Center and sports programs as follows:

- Yearly attendance: 199,267. This number increased by 14,408 from the previous year.
- Daily passes: 35,845
- Memberships: 5,677 covering 13,826 members
- Revenue increase: \$1,365,698
- Program participants: 11,683
- The Center received the Best of Utah Valley recognition award for the second year in a row.
- They had over 100 participants in the fishing program, and 20 children earned their fishing merit badges.
- All sports programs experienced an increase in participation from 2014.
- Sports programs offered: 50
- Gymnastics class participants: 222

- Enrichment programs: 22
- Funshine Early Learning Preschool: 286 children enrolled
- Group Fitness classes offered each week: 75
- Classes offered include cycling, Zumba, sculpt, step, etc.

The group took a short break at 10:34 a.m.

3) **BUDGET- REVIEW OF FISCAL YEAR 2015 OUTCOMES**

Administrator Darrington stated that the 2015 fiscal year ended in June of last year, and the audit report was completed last December. He first presented the information for the general fund for fiscal year 2015, indicating the left over funds that would be available for capital projects in fiscal year 2016. That surplus amount is \$144,854. Administrator Darrington commented that Pleasant Grove City has had a surplus of around \$250,000 for the past five years, but the amount is lower this year because of some of the revenue projections that didn't bring in as much as they anticipated. Mayor Daniels asked if the surplus was a result of spending less or bringing in less revenue than expected. Administrator Darrington responded that it was a combination of both reasons.

Administrator Darrington explained that there is a federal regulation that for the amount of surplus a City can generate is between 5% and 25% of the budgeted revenues. Pleasant Grove has been at roughly 15% for the past several years. Finance Director, Denise Roy, added that the range used to be between 5% and 18%, but that was recently changed. Mayor Daniels asked Director Roy to research the percentages of the last five to ten years, and what staff has been doing to keep that within the legal limit.

In regards to the use of the surplus funds, Mayor Daniels asked if the funds were put into capital projects as a holding place and could be transferred elsewhere, or if that was a one-time transfer. Administrator Darrington stated that the money would stay in capital projects once it was transferred there. He explained that a department would not fund a capital project from their operating funds, which is why the money is transferred to capital projects. If the Council wanted to move the funds back to the general fund they could, but staff did not recommend it. In response to a question from Mayor Daniels, Director Roy stated that there were no restrictions on the amount of carry over for capital project, but there are restrictions on the money in the general fund.

In relation to the surplus funds, Administrator Darrington stated that the department heads would be compiling a list of their needs and giving them to staff, which would then be prioritized and presented to the City Council for further discussion.

Director Roy then presented the Comprehensive Annual Financial Report (CAFR) to the City Council, specifically the MDNA which is a summary of the report. She suggested that the Council and staff review that summary. Director Roy also explained the Statement of Net Position and the Statement of Activities, as well as the statistical section near the end of the report. She asked the Council to look over this document and come back to her with any questions they may have.

Mayor Daniels asked what other financial statements they would be reviewing during the remainder of the budget retreat, and Administrator Darrington stated that they did not plan to expound on the CAFR, but they would be discussing the 2016 Budget Projections and the 2017 budget. He suggested that the Council ask their questions regarding the CAFR at that time, and he and Director Roy would answer them. Mayor Daniels commented that normally he wouldn't come up with questions unless they were doing a line-by-line analysis of the financial statements. Administrator Darrington suggested that they do a deeper analysis of the statements during the upcoming work sessions scheduled for budget discussions. Mayor Daniels and Council Member Stanley both felt like this would be helpful in understanding where the City's money was being spent.

Council Member Andersen commented that she would like to see the revenue and the expenses directly related them more clearly indicated in the statements, as well as comparisons of those revenues and expenses to the previous year. She suggested that these numbers be shown in a visual, such as a graph or pie chart. Administrator Darrington stated that they could create something like that, and assured the Council that he wanted to be sure that everyone can understand the material. Director Roy stated that she would also create a PAFR, which is a condensed version of the CAFR, if that would be helpful to the Council.

Mayor Daniels felt it was odd that the Council was not reviewing the financials more deeply. Council Member Stanley added that the Council should be able to represent the priorities to the public, but that can't be seen on these documents. He felt that they needed to be able to analyze the finances in the context of the whole picture. Council Member Andersen agreed and commented that it was difficult to make a decision on a certain expense when the Council cannot plainly see what the budget is, or how healthy it is.

Administrator Darrington explained that the City Council approves the budget every year, and staff has been tasked with managing that budget. He asked if the Council wanted to manage the budget instead of staff, but Council Member Andersen responded that she did not. What she wanted was more information about the budget when it comes time to make financial decisions. City Attorney, Tina Peterson, clarified that the Council would like to be given more than staff's recommendation alone.

Mayor Daniels commented that a business will create a Profit and Loss document showing the return investment on their projects, which is something that the City does not do. He felt that something similar to this could be beneficial to the City Council. Mayor Daniels had requested this type of document from staff before and had received only a handful of them. Director Roy commented that the former Finance Director had created a template for that document and offered to look setting that up for each fund.

Speaking about Public Works, Mayor Daniels stated that there were some issues with funding. There is an enterprise fund and a general fund for each department. Normally the general fund covers labor expenses and the enterprise fund is used for capital projects or operations, but sometimes the City will move money from the enterprise fund to the general fund for certain expenses. Mayor Daniels explained that these two funds are separate functions on paper, but they are mixed financially. He was concerned that this gives a false perception to the public.

The Council and staff further discussed the need for more information when making financial decisions, and what items needed to be part of the upcoming work sessions. Administrator Darrington assured the Council that staff would work toward providing the information requested.

4) **BUDGET- REVIEW OF FISCAL YEAR 2016 PROJECTIONS**

Administrator Darrington continued the meeting by presenting the budget for the current fiscal year and what the projections were for 2016. He began by stating that the City could anticipate a surplus of \$280,000. Administrator Darrington confirmed that they were “on track” with the budget as outlined. Director Roy commented that one of the reasons the yearly outcome is difficult to forecast is due to the way the City collects revenue. She explained that the City is behind in these collections by a few months in some areas, so many of the numbers included in the 2016 projections are truly estimates. The only revenue that is represented accurately on the report is the sales tax, which is very strong.

In response to a question from Council Member Andersen, Director Roy explained that the percentage of receivables on property tax was around 4%. The Council discussed property tax, including what percentage of those taxes goes to the City, the school districts, and the county.

Administrator Darrington then presented the budget timeline for fiscal year 2016. Director Roy stated that she and Administrator Darrington would be working closely with the department heads regarding a list of their needs, and they would be presenting that information to the City Council during the upcoming work sessions. The goal is to be able to present the 2017 budget to the City Council in May.

Mayor Daniels asked if benefit costs for employees had been relatively consistent. Administrator Darrington explained that the percentage has been at 9% for the past few years, and confirmed that they had not seen any dramatic changes since the new federal requirements for healthcare were implemented.

Director Roy stated that the goal was to have the 2017 budget adopted by June 22, 2016. However, if the City chooses to do a property tax increase they would be required to hold Truth in Taxation hearings which are generally held in July. If this was the case, the budget would need to be adopted by August 17, 2016. The adopted budget would need to be submitted to the State Auditors’ Office sixty days after adoption.

Director Roy explained that she has calculated the City’s health insurance increase and is looking at doing a merit increase for full-time employees. Administrator Darrington stated that with the market rate adjustment there would be about \$40,000 of new money that could be used for anything, including this increase for full-time employees.

Council Member Andersen asked if the department heads would list personnel increases as well as desired capital projects when speaking with staff. Director Roy stated that she included that as part of the supplemental form she provided to the directors. Once that information was received staff would prioritize the needs and present them to the City Council. Council Member Andersen

requested that staff include their reasoning for the prioritizations and the long-term forecast of employment.

Mayor Daniels asked if staff intended for all of the \$40,000 to be used for employee costs, and Administrator Darrington confirmed that this was their goal. However, the City Council would make the final decision regarding those funds.

The group took a lunch break at 12:53 p.m.

Mayor Daniels explained that the next item that needed to be discussed revolved around level of service. Administrator Darrington stated that this topic could be approached philosophically or practically, in other words decisions could be made based on the resources available or by personnel. Administrator Darrington gave the example of Parks and Recreation who had an employee leave in 2011 that was not replaced. Because of this empty position the ball fields suffered and it took some time for the department to bring the fields back up to par.

Mayor Daniels suggested that the Council and staff work together to decide what their priorities are in regards to the services provided, and if their resources are going to the right places. He reminded the group that this discussion was not to debate their personal preferences, but to truly assess the City's needs. The Council Members and staff agreed to have the discussion at that time.

The group then made a list of the various departments and the basic services they provide. Then the services were put into two categories: necessities of life, and quality of life. From there, the department directors were asked to prioritize the services within their department. This list was written down and included as an attachment to these minutes.

The comment was made that the only service the City is legally obligated to provide is emergency fire services. Fire Chief, Dave Thomas, commented that Fire Suppression and Prevention should be lumped together, and they both took priority over Emergency Medical Services. He stated that EMS could be contracted out, but it would not make a big financial difference. Chief Thomas also felt that having the EMS from the City would provide better service.

Police Chief, Mike Smith, went through the services of the police department and rated Administration, Patrol, and Investigations over the other services.

Community Development Director, Ken Young, felt that all three services listed (building inspection and permitting, planning and zoning, and business licensing) were equally important. Mayor Daniels agreed.

There was a short discussion about the services for Public Works, and it was decided that secondary water was not as necessary as the others.

Attorney Petersen stated that both criminal and civil were important legal services. Mayor Daniels asked about the assistance the Attorney's Office gives to staff in reviewing and rewriting code, and Attorney Peterson explained that she included those services in the "civil" category.

With these items rated and categorized, Mayor Daniels turned attention to those items listed as “quality of life” services. He wasn’t sure if these could be put in order of importance. The Council felt that it was important to note what services were connected to bonds or impact fees, because that financial obligation would make them more important for the City to provide.

Council Member Stanley commented that the discussion was interesting and informative, but now they need to discover what the public expects of the City when it comes to levels of services provided. He suggested a citizen survey or a citizen committee take a closer look at user fees, or a ballot vote.

Council Member Andersen felt that this discussion connected to a comment she made earlier about having more information about the revenues and expenses of each department. Having this information would help them better determine where the money is currently going and where it should be going.

Mayor Daniels stated that this discussion was important to other topics they would be discussing for the 2017 budget, such as roads, employee retention, and public safety. In order for these big priorities to work in the budget other areas will have to give a little, unless they would prefer to raise taxes. Attorney Petersen stated that they could have a survey done before the budget needed to be finalized. If that was done quickly the Council would be able to discuss the priorities of the citizen in regards to the levels of service.

Mayor Daniels suggested that they move the discussion to the three topics that they already know the public has opinions about, and where money to fund these projects will come from. Administrator Darrington explained that this issue was brought up with the recent changes in police staff, and Chief Smith has put together a report showing the turnover in the department for the past two years. The report showed some of the reasons officers have left the department including increased scrutiny and pressure on law enforcement nationally, wanting to change professions, Tier II retirement plans, lateral transfers, and higher pay from other cities. Chief Smith stated that the demand for police officers is statewide. They also have had trouble retaining dispatchers, who leave Pleasant Grove for better paying full-time positions in other cities. Chief Smith believed that the benefits offered by the City are competitive, but they do not offer competitive pay.

Administrator Darrington explained that staff has been working on a possible solution with the Public Works department. In the past, the City has worked to get employees up to the low end of their pay range, but now the intention is to get them into the mid-range. This has required and will require additional funds to go to these employees. Staff would like to implement such a program with the police department to create a more complete pay grade. Administrator Darrington suggested that the uncommitted \$40,000 be used for this purpose.

Director Britsch commented that the library only has two full-time employees, and one of them has interviewed with American Fork for a director position. This employee has worked at the library for ten years for the minimum pay. Chief Thomas has experienced similar situations in the fire department, with several of his firefighters going to Lehi for better pay.

Council Member Stanley asked if there were non-financial solutions that could be explored. He felt that any extra money should be used toward road improvements. He suggested entering into agreements with employees, ensuring that they will stay with the City for a certain amount of time in exchange for their training. Attorney Petersen stated that a reimbursement agreement was possible, and they have been done in the past for the fire department. However, these agreements are tricky. Chief Smith stated that he has researched this option and found that very few surrounding cities have implemented this type of agreement as it was not beneficial.

Mayor Daniels commented that the population of the City didn't seem to be growing as quickly as it used to, and he wondered if there were going to be enough people entering the workforce that will choose to come into the lower-paying jobs offered by the City. He felt that the City could avoid a long-term issue if they addressed this issue now. Administrator Darrington suggested another way to keep employees that was not financial, and that would be to create a work atmosphere that was desirable.

There was a discussion regarding the recent negative feelings toward the police department and politics in general, and the group was concerned about the long-term effects of that. Mayor Daniels suggested that they try to fix the problems that were within their control. He suggested that they strive to keep pace with a reasonable market rate rather than try to compete with surrounding Cities. Administrator Darrington stated that staff's goal was to get the police department problem figured out in the upcoming fiscal year, and then the other departments could be addressed in the following years. Mayor Daniels stated that he would prefer to see that process sped up by addressing a few departments at a time. Council Member LeMone agreed, feeling that the public would be more open to this expense if they could see what the City was working toward in the long-run.

The group took another short break.

Administrator Darrington stated that Council Member Stanley has requested that the next four items be discussed as part of the meeting. The first item would be a discussion regarding a zero-based budget.

Council Member Stanley explained that he brought up the concept of a zero-based budget two years prior. He felt that this would be a new way to approach the budget, and would help to reassure the public that the Council is scrutinizing the money spent, finding ways to save, and that the Council is paying attention to issues that aren't personnel. Council Member Stanley explained that the concept is to build the budget without a biased or established baseline based on historic numbers. This would force the Council and staff to think deeply about where money is being spent. A zero-based budget could help to heal some of the political divide the City has experienced.

Director Roy stated that Park City is working on their budget with operating indicators and performance measures, and they have eight full-time employees working on this. One of the advantages of working with a zero-based budget is that the City would be looking at needs rather than following an established history. It would also force each department to identify their mission and purpose, and explore their relationship to the overall goals of the City. Director Roy continued

by explaining some of the disadvantages of a zero-based budget, including the number of staff that would be needed to work on the budget. This process would be very time-consuming. She also stated that some things are difficult to justify because they produce intangible output. There would also be a lot of time spent in training staff on the process.

Council Member Andersen commented that the City Council approves the vouchers every week, so they do see everything that is spent, so the real benefit to implementing the zero-based budget would be to see if there were areas that money is being wasted. Council Member Stanley suggested that this budget would allow them to ensure that they meet the minimum expectation of service and save money.

Director Roy commented that currently the Council only gets to see the outcomes of the budget once a year, but this type of budgeting might help them better understand what was done during the fiscal year and create a more accurate budget for the next year. Staff was concerned with the amount of time and manpower needed to create a zero-based budget. Council Member Stanley stated that he knew this would be time-consuming, but it would be worth it to eventually have a tool that could help the Council make difficult financial decisions.

Council Member Stanley next wanted to discuss the possibility of creating a citizen budget committee, which has been done in Provo in the past. He felt that this option was worth exploring if the public wanted greater involvement with budgeting decisions. This committee would also require additional hours from staff in attending the committee and doing additional research.

Director Roy described her experience with the budget committee for Provo City. The committee was created to help solve a budget crisis the city was experiencing, and it was successful. Director Roy stated that the difficult part of forming the committee was educating them all about the government, the CAFR, and what the city can or cannot do with the budget. This training took several months.

Administrator Darrington expressed his concern for the amount of time staff would be required to spend helping this group with research. There is the risk that the committee will spend a lot of time and money researching an idea that the City Council won't even consider. Administrator Darrington agreed that it was important to have citizen involvement, but wasn't sure that the committee was the right solution. Council Member Stanley commented that the committee could be asked to work independently of staff and conduct their own research. The group discussed the possibility of condensing the training that would be needed, and putting constraints on the committee from the onset. Council Member Stanley asked that the Council consider this option and they would revisit this at a later date.

Council Member Stanley presented his third discussion item, which would be to consider establishing a citizens' finance academy. This would allow interested citizens the opportunity to learn more about the City's budget and how everything works. Staff could host instructional seminars, and the public would have the opportunity to ask questions. Council Member Andersen commented that the department heads should also be involved in the seminars. She also suggested that the academy be a four to eight week course.

Director Roy stated that Provo has done a something similar to this in the past. Mayor Daniels asked how well attended the seminars were, and Director Roy explained that the city received applications from interested citizens and had 25 people for each round of seminars. Provo's academy was a four week course. Council Member LeMone suggested that the seminars be streamed live on the City's website.

Attorney Petersen commented about the extra time and money this academy would require, and asked if they would be charging a fee for this type of activity. There was some debate as to whether a fee was necessary.

Council Member LeMone felt that an academy could be beneficial to the City, and would give a good perception of the Council being proactive in sharing information. The group then discussed other means of presenting information such as a FAQ on the website, and explanatory videos on YouTube. Mayor Daniels asked staff to put together a presentation for the finance academy for further discussion at a future work session.

Council Member Stanley's final discussion point was in regards to more dynamic web tools. Staff confirmed that this was something they had been researching, particularly the web tools used by surrounding cities. Mayor Daniels asked staff to get in touch with Cedar Hills for more information.

Administrator Darrington explained that the next portion of the meeting was to discuss major projects and long-term planning. He asked Mayor Daniels to report on the progress of the Public Safety Building Committee.

Mayor Daniels stated that the Public Safety Building Committee has been meeting for a few months and has formed a good, dynamic working relationship. They have been able to fully discuss and vet the options before them, and they are working toward making a unanimous recommendation. In the week following this Budget Retreat, the committee will meet again with Think Architecture who will present their cost estimates for the six options listed in the RFP that was sent out. There will be another three or four weeks after than for Think to finalize their report with the feedback from the committee. Mayor Daniels commented that there are still very strong opinions in the group and occasional trust issues, but by and large the committee is working well. Mr. Darrington, who also takes part in the committee, reported that the committee has been productive and there have been some healthy discussions.

Council Member Andersen has attended a few of the meetings and admitted that she was pessimistic about the committee in the beginning. She was pleased to see that the members have been trying to come up with creative suggestions and the discussions have been civil. Although she is still hesitant about the outcome, Council Member Andersen is pleased with the direction that the committee is heading. Council Member Jensen has also attended a few meetings and was happy to see good communication happening. He looks forward to their final recommendation.

Council Member Stanley stated that he has heard many questions regarding the timeline for a decision on this matter, and Mayor Daniels explained that they specifically did not set a solid date for a recommendation because that was one of their issues the last time public safety buildings

were discussed. The committee has been asked to vet every option and present a recommendation to the Council that they can all support.

Administrator Darrington introduced the next topic of discussion regarding road improvements. This is something the citizens have expressed as a priority, so the City commissioned Lewis Young Robertson and Burningham to do a study on a potential road fee. Administrator Darrington presented the report, which calculated the number of trips generated by each category (from residential to high end commercial) and created a fee amount that would need to be charged to create \$1 million in revenue annually. Administrator Darrington commented that this amount could be changed if the Council felt it necessary.

Before having an open discussion, Mayor Daniels stated that he had been in discussion with Brian Green who has written bill HB215, which is basically an alternative to HB362 that was adopted last year. The new bill would give 80% of road money to the City and 20% to the county. He stated that this money could also be used for public transportation needs. If the City implemented the road fee on top of this new tax the City would be receiving a good amount of money to make the road repairs needed. Mayor Daniels encouraged the Council to support the bill.

In regards to the report, Council Member Andersen was concerned that there was a large fee increase between large retail and convenience store. Mayor Daniels agreed, and suggested that they consider doing an average for all retail. Administrator Darrington confirmed that they could send feedback to the consulting firm to adjust the goal amount or do the calculations based on an average.

Council Member LeMone suggested that there be one rate for residential rather than breaking it down to single family and multi-family units. In regards to retail and commercial, Director Beaumont felt that they should create two or three levels rather than combining all retail together. The group deliberated on the categories they felt would be appropriate, and it was decided that residential would have one fee, as would public uses, and there would be two levels for retail. Administrator Darrington took note of the feedback and confirmed that this information would be sent to the consulting firm.

Council Member Stanley asked if this would be implemented by the vote of the people. Administrator Darrington responded that the Council could include this on the ballot if they felt that was appropriate. The Council would at least hold a public hearing for this issue. Council Member LeMone added that the Council needed to be transparent in whatever they decided to do.

Mayor Daniels commented that the Council would need to make decisions about the road fee before the budget for 2017. Administrator Darrington stated that they would have more information on HB215 by mid-March, which would also help in making final budget decisions. Mayor Daniels stated that the public wants a solid road plan implemented as part of the upcoming budget, they desire transparency.

Administrator Darrington then introduced the topic of the property located at the pipe plant, and Council Member Stanley commented that he would like to discuss the City's long-term plans for all City-owned properties. Administrator Darrington stated that they've purchased four or five

properties in the past six years, and it was his understanding that all of those were purchased for a specific purpose. These properties would be used for the second phase of the recreation center and the installation of an indoor pool and for additional parking areas. Some of the properties were purchased with park or public safety impact fees, and the pipe plant property was purchased with the storm drain bond.

Council Member Stanley expressed a concern for the City holding onto unused properties for long periods of time, and suggested that the Council have a formal plan in place before acquiring new properties. Administrator Darrington argued that the City Council was visionary in purchasing the pipe plant property, and any property that is not used could be sold. Mayor Daniels did not feel that the City was acquiring land frivolously, and there have been specific projects planned for these properties.

Mayor Daniels informed the group that they would be discussing the pipe plant uses when their meeting continued the next day. The only thing they had not addressed that was on the agenda was the update to the general plan. Director Young stated that this discussion shouldn't take a lot of time initially, but he would like to establish a series of work sessions for both the City Council and Planning Commission to further discuss the changes to the general plan. He explained that there are inconsistencies in the current general plan, and the format needs to be altered. Mayor Daniels asked Director Young if he would feel comfortable if the general plan was listed as a priority for the four joint sessions they have already scheduled with the Planning Commission, and he said that he would. Now that the purpose of the update had been discussed, Director Young stated that they did not need to address this in the meeting the following day, but they would be able to move forward in the joint work sessions.

5) ADJOURN

ACTION: Council Member LeMone moved to adjourn. Council Member Stanley seconded the motion. The motion passed with the unanimous consent of the Council.

The City Council Meeting adjourned at 4:35 p.m.

The Budget Retreat Minutes of February 5, 2016 were approved by the City Council on April 19, 2016.

Kathy T. Kresser, City Recorder, MMC

(Exhibits are in the City Council Minutes binders in the Recorder's office.)