

MINUTES OF THE COTTONWOOD HEIGHTS CITY COUNCIL WORK SESSION HELD TUESDAY, FEBRUARY 21, 2017 AT 6:07 P.M. IN THE COTTONWOOD HEIGHTS CITY COUNCIL CONFERENCE ROOM LOCATED AT 2277 EAST BENGAL BOULEVARD, COTTONWOOD HEIGHTS, UTAH

Members Present: Mayor Kelvyn Cullimore, Councilman Scott Bracken, Councilman Mike Peterson, Councilman Mike Shelton, Councilman Tee Tyler

Staff Present: City Manager John Park, Assistant City Manager Bryce Haderlie, Community and Economic Development Director Brian Berndt, Finance Director Dean Lundell, Police Chief Robby Russo, Assistant Fire Chief Mike Watson, Public Works Director Matt Shipp, City Attorney Shane Topham, City Recorder Paula Melgar, Public Relations Specialist Dan Metcalf

WORK SESSION

1.0 Review of 2016-2017 Budget Priorities.

- 1.1 City Manager, John Park, and Assistant City Manager, Bryce Haderlie, reviewed the FY16-17 budget as to how the City stayed on budget. The list of priorities from the preliminary FY17-18 budget projections are attached and incorporated into these minutes by this reference.
- 1.2 The Public Works Facility was discussed as well as the status of construction. The concrete was poured for the salt storage facility and a walk through was completed. A punch list was created for unfinished items. The contract was being looked at for both the eight-bay buildings and adjacent office building, as well as ways to finance them.
- 1.3 Mr. Park identified items that would be forthcoming for the Council. One item identified was the Fort Union Master Plan, which will be up for a vote in a couple of weeks. The Cottonwood Canyon Trail was also discussed with regard to funding, which is mostly in place. An easement for the trail was to be completed shortly.
- 1.4 The Council briefly discussed the fact that 77% of the citizens are getting the majority of their community information from the newsletter.
- 1.5 Mayor Cullimore discussed infrastructure funding and ideas on how to fund it. Several items were identified that will cost the City more to repair in the future, if not done now. It was noted that a significant property tax increase will be necessary if taxes are to be used to fix the infrastructure issues. Another option to pay for road repairs would be to bond for \$10 to \$20 million. A last option would be to obtain funding from other sources such as the State or a local proposition.
- 1.6 There were no citizen comments.

2.0 Recommendations and Priorities from the Recent Y2 Analytics Survey.

- 2.1 Messrs. Park and Haderlie reviewed the recent Y2 Analytics survey. The survey was used as a guide for setting priorities and making plans for the upcoming fiscal year. A PowerPoint presentation was given, which summarized the survey. A copy of the presentation and the results of the survey are attached to these minutes and incorporated by this reference.
- 2.2 The Council agreed to watch a presentation by Finance Director, Dean Lundell.
- 2.3 Street maintenance was identified as one of the main items citizens' value and considered a priority. Councilman Shelton suggested the survey be narrowed down into three categories to include infrastructure, public services, and quality of life. These elements could be used by the Council as their focus going forward. The main emphasis of the survey seemed to be street maintenance issues such as snow removal, sidewalk maintenance, and street lights.
- 2.4 Councilman Shelton explained that for citizens to feel good about paying more taxes, the City needs to make better use of current taxpayer funds. The survey showed that citizens would prefer a reduction in services than a tax increase (page 11). The most important item on the survey (page 12) called for a reduction in taxes. The survey was very clear that roads are a priority for citizens. One suggestion was to educate the public on tax increases by making light of the budgetary items in the preparation and publishing of the budget. It was noted that some citizens want the budget to be spent on roads and infrastructure while others support quality of life programs.
- 2.5 The issue of expenditures was addressed and how the City may be spending more. It was noted that expenses are increasing faster than the median household income level and the CPI is growing. Mayor Cullimore commented that the incremental expenses cannot legitimately be compared to the CPI and average household income because there are many one-time expenses and various sources of City revenue. The Council indicated that given the choice, citizens do not want services reduced to cover budget shortfalls. It was also determined that the City is doing a good job of balancing quality of life, road services, and public safety for citizens.

3.0 Legislative Update.

- 3.1 City Lobbyist, Brian Allen, reviewed activity taking place at the State Legislature that has an impact on Cottonwood Heights. One of the bills involved short-term rentals, which may affect the City. The Council expressed concern regarding that issue. Mr. Allen reassured them that the sponsor of the bill is taking into consideration the needs of the City. One of the issues the Council brought up was that the bill should not allow a property owner to rent out a basement or room if the homeowner is not home. The Council agreed that the bill is getting closer to what the community wants but still needs work.
- 3.2 Mr. Allen also brought up the issue of online sales taxes, which has garnered legislative interest. Allowing online sales taxes will generate additional revenue that could help eliminate the need to raise property taxes. One of the other bills brought before the Council was a building inspection bill, which would require the city to issue a permit without plan review if the review was not completed soon enough. This could possibly delay building inspections

and increase inspection costs. Mr. Allen reassured the Council that he would keep abreast of the issue and work with the Utah League of Cities and Towns to make sure that the City of Cottonwood Heights is represented. Another bill dealt with a gravel pit that supported a UDOT project that required work to be done during the nighttime. A comment was made that a group in Draper wants to shut down the gravel pit at the Point of the Mountain at any cost. They have even tried to get City Council Members elected who are favorable to their position. It was noted that the gravel pit has been there for much longer than most of the homes in the neighborhood and they want some protection.

- 3.3 Legislative issues were discussed and bills being put forward were described. Mr. Allen reported that revenue projections came out over the weekend and they are looking at \$100 million in new money that they were not anticipating. They are also looking to offset the sales tax with income tax. They are not planning to create net new revenue but an offset that will rebalance how taxes are collected. As far as two bills that dealt with asset forfeiture, Mr. Allen was informed by lobbyists for the law enforcement groups that they have a deal worked out where two bills will merge. He, however, had not seen any movement in that regard.

4.0 Potential Revenue Streams – Dean Lundell.

- 4.1 Mr. Lundell reviewed revenue projections and potential revenue streams for the current and upcoming fiscal year. He gave a PowerPoint presentation, which is attached and incorporated into these minutes by this reference. With regard to property tax, he stated that it is not a revenue source that grows rapidly and there is no allowance for growth, inflation, or property values. It will grow based on growth that takes place in the City. A \$60,000 revenue increase was budgeted. Mr. Lundell explained that sales tax is revenue that grows with inflation. There is also a benefit in that the City budgeted sales taxes conservatively. What is budgeted is a 5% property tax increase. The sales tax increase was just over 4%.
- 4.2 With regard to Class C Road Funds, with the increase in the gas tax that took effect last year, there will be more revenue generated. The first two distributions were received, which were significantly higher than the previous year. The November/December distribution was lower than the previous year's amount. Overall, a \$75,000 increase was budgeted.
- 4.3 Early projections showed an additional \$200,000 in Energy Sales and Use Taxes. Much of the excess was attributed to the fact that this year's budget was slightly lower. Over time, this revenue source was not expected to grow significantly. Items representing budget savings were identified.
- 4.4 Some of the expenses discussed by Mr. Lundell included COLA of 2.1%, merit increases, insurance costs, election costs, contract agreements, and liability insurance. Possible sources of revenue discussed were the Municipal Telecom Tax and Storm Drain Fees.
- 4.5 Mr. Lundell commented on the annual increase from UFA which has typically been 4%. He stated that last year the increase was less than \$100,000. Mayor Cullimore commented that various changes took place and there will be some restructuring. He stated that the New Chief is requiring each bureau chief to present a case for why they should get what they received last year. He hoped his efforts would result in a budget that is neutral.

- 4.6 Mr. Lundell stated that there is a need for a part-time employee to increase their hours and help the Mayor get certain things in order. The Mayor stressed that he is in need of an administrative assistant to help him over the next few months to get organized and caught up. The total new revenue came to \$980,000. The new uses equated to \$1,343,000, which will require the use of \$562,000 in reserves. Mayor Cullimore was concerned about getting into an inflationary period in the next five years, which will not help in terms of revenue. Mr. Lundell commented that the inflationary pressure is from salaries, insurance, and benefits.
- 4.7 Mr. Lundell next reported that the current fund balance is \$2,078,586. In the end, he expected the final figure to be an increase of \$250,000. It was reported that in 2016 there was a \$230,000 increase in fund balance.
- 4.8 The possibility of adopting a Telecom Tax was discussed. Mr. Lundell explained that it is a 3.5% tax that is added to telephone bills and it is estimated this will generate \$500,000 annually. Implementation requires the same process as the Energy Tax as well as a public hearing, noticing, and a three-month waiting period.
- 4.9 The imposition of a Storm Water Fee was also discussed. Mr. Lundell reported that it is a monthly fee charged per Equivalent Service Unit (ESU). Every residential unit in the City would pay the same amount. Commercial units would pay a different amount. A study was conducted a few years earlier that set a rate of \$9.50 to \$12 per month. The number of ESUs estimated based on the study was 9,000, which would equate to over \$1 million per year. Mayor Cullimore commented that \$9.50 seems insignificant, however, when compared to a property tax increase it equates to nearly a 20% increase to generate the same amount of revenue. Limitations on how the funds can be spent were discussed. Mr. Lundell stated that a study needs to be conducted to back up the fee. It was noted that future revenues were projected conservatively. The expenses of the pay plan, health insurance, and UFA are annually costs that greatly increase our year over year expenses. Potential revenue sources were discussed.
- 5.0 Public Works Report – Review of Overview of the Current Public Works Budget and Recommendations for FY 2017-2018 Budget.**
- 5.1 Public Works Director, Matt Shipp, reported on the current Public Works budget and made recommendations for the upcoming fiscal year. The City was able to find available funds in the road salt budget to purchase a new pickup truck, which was discussed at the previous meeting. \$206,000 was budgeted and to date \$143,657 has been spent. It was thought that Public Works will likely have enough salt to last the rest of the winter.
- 5.2 With regard to the new pickup to be acquired, the intent was for it to be used by the Public Works Superintendent. Pickups would be shuffled for use throughout the fleet. Various vehicles in the fleet were identified and discussed. Mr. Shipp reported that they have gone out to bid on the vibratory roller and the crack seal machine as part of what was left over on the lease. One piece of equipment that staff considered to be essential was the pothole patcher at a cost of \$80,000. Other needs included two one-ton plow trucks at an estimated cost of \$86,000 each. They cost slightly more than those previously purchased because they are crew cabs and fully equipped.

- 5.3 Mr. Shipp's goal was to compare the current budget to what was projected last spring and show how it compares to the budget with Terracare. This fiscal year, the same amount was budgeted as the previous year. Mr. Lundell explained that the original budget was what was approved last year when a private company did our public works. The preliminary budget was presented when the decision was made to go with the new Public Works Department. The final budget is what is estimated now that they have a history with the Public Works Department and shows where they are this fiscal year. Mr. Lundell described the difference between the original proposal and the final version, which consisted of personnel since they are hiring more seasonal employees. Doing so will cost an additional \$150,000 per year than shown in the proposal. In addition, the vehicle lease was \$150,000 less than projected.
- 5.4 Mr. Shipp and Mr. Lundell discussed the equipment proposed for purchase, which included two one ton snow plow trucks and a patch roller. Availability issues were discussed. The current budget includes \$335,345 for the vehicle lease, which was initially budgeted this year but will not need to be paid until next year. It was recommended that the one ton trucks, which come equipped with a plow which can be removed, will make these trucks very versatile during the summer months. It was expected to arrive in July or August. The intent was to order it now but include it in next year's budget. The Mayor recommended that staff order the pothole patcher, one one-ton pickup, and one standard pickup knowing that the one ton truck must be included in next year's budget.
- 5.5 Public Works staff members were commended for their work. Mr. Shipp stated that when they are not driving a plow they are out patching roads and running the sweeper. He stated that the service level has increased exponentially in just one year. The Mayor was confident that a huge difference will be seen this summer in the amount of work that is done. He was very pleased with their progress.

6.0 Establishment of Priorities for the 2017-2018 Budget Year.

- 6.1 Mayor Cullimore led a discussion to establish priorities for the City's upcoming budget cycle. The Council reviewed last year's list and rated the priority list for fiscal year 2017-2018. A copy of the reprioritized list was attached and incorporated into these minutes by this reference.
- 6.2 The issue of whether to conduct a Transportation Study or a specific Road Study was discussed. The Mayor recommended that City Engineer, Brad Gilson, be involved in the process. He noted that they are also 10 years out on the General Plan and the transportation section has not been updated during this time. He wanted a better idea of what would be required to do storm sewer and roads and asked that it be laid out in a very practical manner. Mayor Cullimore felt that City Hall could be removed from the list because it is complete. Other items that have been achieved were identified to be removed from the list. The pros and cons of various items on the priority list were discussed and analyzed.
- 6.3 With regard to Citizen Communication, Mayor Cullimore stated that a portion was achieved this year by doing the survey. He considered it to be an ongoing need of keeping social media and the newsletter going. He stated that statistics show that 75% of the citizens read the newsletter. He was in favor of doing more with it. He wanted there to be a greater focus on content going forward.

- 6.4 A dog park continued to be a priority with the next step being to find a location.
- 6.5 Mayor Cullimore referenced a recent citizen survey that showed that snow plowing is something citizens want to improve. He stated that this has been accomplished. Other areas included Public Works and roads. It was suggested that the Council determine whether funds can be put back into the Road Capital Projects on the priority list. Ways to improve the budget process were identified to make it easier to follow.
- 6.6 Councilman Scott Bracken identified his top 10 priorities as follows with the top four in bold:

- * **Road PCI**
- * **Public Works Facility/Services**
- * **Economic Development – Gravel Pit/Canyon Center**
- * **Five-Year Financial Plan**
- * Public Works Facility
- * Competitive Employee Compensation
- * Program Based Budget
- * Revenue Sources
- * Citizen Communication
- * Storm Water System

- 6.7 Councilman Tee Tyler identified his top 10 priorities as follows with the top four in bold:

- * **Competitive Employee Compensation**
- * **Road PCI**
- * **Public Works Services**
- * **Economic Development – Gravel Pit/Canyon Center**
- * Five-Year Budget Plan
- * Big Cottonwood Trail
- * Evaluate Budget Saving Opportunities
- * Citizen Communications
- * Open Space Planning
- * Consideration of Revenue Sources

- 6.8 Councilman Mike Peterson identified his top 10 priorities as follows with the top four in bold:

- * **Competitive Employee Compensation**
- * **Road PCI**
- * **Public Works Services**
- * **Parks and Open Spaces**
- * Evaluate Budget Saving Opportunities
- * Economic Development
- * Five-Year Financial Plan
- * Alternative Sources of Funding
- * Fort Union Redevelopment
- * Citizen Communication

6.9 Councilman Mike Shelton identified his top 10 priorities as follows with the top four in bold:

- * **Evaluate Opportunities for Budget Savings**
- * **Fund Capital Funds**
- * **Road PCI**
- * **Program Based Budget**
- * Competitive Employee Compensation
- * Storm Water System
- * Economic Development
- * Citizen Communication
- * Public Works Services
- * Prioritize Open Spaces

6.10 Mayor Kelvyn Cullimore identified his top priorities as follows with the top four in bold:

- * **Road PCI**
- * **Competitive Employee Compensation**
- * **Consideration of Revenue Sources**
- * **Public Works Services**
- * Five-Year Financial Plan
- * Citizen Communication
- * Economic Development
- * Prioritize Open Spaces
- * Big Cottonwood Trail

7.0 Closed Meeting to Discuss Litigation, Property Acquisition and the Character and Professional Competence of Physical or Mental Health of an Individual.

7.1 No Closed Meeting was needed.

8.0 ADJOURN

8.1 MOTION: Councilman Tee Tyler moved to adjourn. Council Member Mike Petersen seconded the motion. The motion passed with the unanimous consent of the Council.

8.2 The Business Meeting adjourned at 10:21 p.m.