

Minutes of the Work Session meeting of the Syracuse City Council held on June 9, 2009, at 8:06 p.m., in the Council Chambers, 1979 West 1900 South, Syracuse City, Davis County, Utah.

Present: Councilmembers: Alan Clark  
Doug Hammond  
Lurlen A. Knight  
Douglas Peterson  
Larry D. Shingleton

Mayor Fred Panucci  
City Administrator Rodger Worthen  
City Recorder Cassie Z. Brown

City Employees Present:

Finance Director LaMar Holt  
Information Technologies (IT) Director TJ Peace  
Recreation Director Kresta Robinson  
Community Development Director GJ LaBonty  
Police Chief Brian Wallace  
Fire Chief Craig Cottrell  
Senior Program Coordinator Tiffany Vigil

The purpose of the Work Session was for the Governing Body to review and discuss the Tentative Fiscal Year (FY) 2009-2010 Budget, and discuss Council Business.

#### Tentative Fiscal Year (FY) 2009-2010 Budget

Councilmember Clark stated that he is concerned that residents of the City do not know anything about the budget cuts the City has already implemented. He stated that the City has tried to maintain a happy and positive outer appearance, by doing things like deciding to hold the Heritage Days celebration during this tough time, but he would like citizens to understand what cuts have been made. He stated that he is concerned about reducing wages paid to City employees or eliminating positions in the City, though he has received emails from citizens suggestion that be done. He stated he would have a hard time deciding to place the burden of balancing the budget on the backs of the employees. He stated that he received an email from one citizen stating that the Council should cut every employee's wage by \$2,000 and that the employees would eventually earn that money back. He reiterated that he struggles to decide to make up the budget shortfall by cutting wages. He then reviewed the services that he receives as a Syracuse resident and he focused on snow removal. He stated that if he were required to hire a contractor to remove snow from his property he would pay more than \$200 per year for that service. He stated that instead he is getting that service from the City for a much lower price. He stated the Council needs to be clear when talking with citizens and explain what budget reductions have been made. He stated that he would still like the Council to consider the recommendation he made during the earlier work session meeting, which was to adopt a clause that states that any tax increase implemented this year will be eliminated in four years or once the City's revenue's have stabilized.

Mayor Panucci stated that he believed staff and the Council had made significant budget reductions and he is pleased to see the cuts that have been made, but he does not think staff and the Council are done making cuts. He stated that the Council voted to raise taxes by 40 percent two years ago and now the Council is going to the residents again and asking for another 40 percent increase. He stated that Councilmember Clark makes a good point when he says that he does not believe that the budgets should be balanced on the backs of the employees; that statement is popular and good, but he reminded the Council that the lion share of expenses in a municipal budget is wages and little budget cuts in that type of a budget are not going to do much to reduce the \$600,000 shortfall. He stated that he certainly thinks that the City has wonderful employees and the last thing he wants to do is eliminate jobs; he also did not want to erode hourly wages, but he felt the Council should consider implementing an employee furlough similar to the furlough implemented at the Davis School District. He stated that he has empathy for the employees; however, the reality is that every business is doing something similar to a furlough. He stated that in January he received a letter from his boss saying that his company was cutting employee wages by five percent and executive pay by 10 percent. He stated that he then received a second letter later in the year regarding another reduction in pay. He stated that is the 'flavor' of the emails he is receiving from citizens who are losing their overtime pay or their job altogether. He stated that he does not believe that the citizens are asking staff to experience anything that is not happening to them in the private sector. He then asked Councilmember Peterson if his job at

the School District is subject to a furlough, to which Councilmember Peterson answered yes. Mayor Panucci reiterated that the Council can not ask any less of City employees than what citizens are experiencing.

Councilmember Clark stated that a furlough is different from a reduction pay because there is no long term effect to a furlough. Mayor Panucci agreed and added that once the economy has rebounded the furloughs will be eliminated and employee's schedules could return to normal. He stated that if all employees in the City were furloughed for one day, the City would realize \$18,000 in savings.

Councilmember Clark stated that another item he would like to look at is the policy regarding the number of vacation days each employee can carry from year to year; he stated that changing that policy would not help the budget for the upcoming fiscal year, but it was something he would like to look at.

Mayor Panucci then stated that if the Council is going to consider furloughs they should look at individual departments rather than the City as a whole. He stated that he did not know if furloughing Police Department employees would be beneficial because it would be necessary to staff each shift correctly and if an officer is furloughed it would be necessary to call another officer in to take his or her place. He then asked Police Chief Wallace how many patrolmen work each day. Chief Wallace stated that he has two patrolmen working 24 hours each day; though during some hours of a graveyard shift there is just one. Mayor Panucci stated that he did not see a benefit in furloughing Police Department employees, but he could see the benefit of implementing a furlough in nearly every other department in the City.

Councilmember Peterson agreed that the Council would not be asking anything of the employees that has not hit residents if a furlough were implemented. He stated that he has taken a furlough at the School District, but he was very opposed to taking a cut in his pay. He stated that he would be willing to consider furloughing employees, but he wanted to see how a furlough would impact the City's budget before making a decision. Mayor Panucci stated that the Council can not make up the entire \$600,000 shortfall via a furlough, but each day the employees are furloughed would help a little. City Administrator Worthen added that if furloughs are not implemented in the Police and Fire Departments, the monetary impact of \$18,000 as noted by the Mayor would be greatly reduced. Mayor Panucci stated he did not say that the Fire Department should be exempt from the furlough and that only the Police Department would be exempt.

Councilmember Clark stated that one thing he wanted to be sure of is that the Council is not making things worse by making decisions that simply solve problems in the short term. Councilmember Peterson agreed and stated that he did not want to dig the City into a hole by making budget reductions that are not sustainable.

Councilmember Hammond stated that Mr. Worthen's position as City Administrator is one of the hardest positions to hold because he must remain neutral in how he administers the affairs of the City; he is the person that actually has to talk to employees to tell them what is going to happen while remaining neutral in all aspects. He stated that during the first cottage meeting Mr. Worthen made the comment that it is not fair for the City to ask citizens for more money before making as many budget cuts as possible. He stated that he agreed with that comment and with the Mayor's comment that more budget reductions are possible. He stated he would also agree with implementing a furlough; there are so many citizens that are in the same situation throughout the City and it is not fair to ask them for money when the City has not done all that can be done. He stated that this is a hard situation for Mr. Worthen because he is required to face employees on a daily basis. He stated the City has some outstanding employees in the City that work very hard, but the Council must make budget cuts that affect the City before affecting the entire citizenry.

Councilmember Shingleton stated that he already made this comment as part of his report during tonight's regular meeting, but he wanted to reiterate that it is a very hard thing to affect people's lives via the decisions he makes. He stated that the City does have great employees, great citizens, and great infrastructure, but everyone needs to remember that two years ago the Council implemented a large tax increase and more recently user fees were increased. He stated that people can call the fees what they want, but the truth is that they are similar to a tax. He stated the Council has already increased the burden placed on the citizens and the Council must be careful that they do not overtax the citizens during this difficult economic time. He stated that he has not had a raise in the wages paid to him through his private employment in two years; the downturn in the economy is affecting everyone. He stated the Council needs to be cognizant of the consequences of the decisions they make. He stated that a furlough is a good idea; employees can take three days off without pay without having their hourly wage impacted. He stated that the Council is finding great ways to increase the amount of money that can be cut from the budget, but there are still some very hard decisions to make. He stated that he felt a lot more could be done in the City with the help of volunteers. He stated that he has received emails from citizens that are willing to volunteer and help the City because they understand the difficult situation the City is in. He stated that there are other ideas the Council has talked about and staff will be researching the viability of those ideas and until that research is done it would be premature to discuss those ideas further. He stated that he felt the Council needed to consider every option for making further budget reductions.

Councilmember Peterson stated that for the most part citizens have said that they do not want City services cut, but no citizen has given concrete ideas about balancing the budget. He stated that the citizens expect a certain level of service, but there are a lot of people that do not want to pay for that level of service.

Councilmember Knight stated that some Councilmembers keep talking about additional cuts to be made, but he is not sure what those cuts are. He stated that the current staff level in City departments is already lower than the staffing levels of other cities, yet Syracuse City staff is doing more than staff in other cities. He stated he does not understand the rationale of continuing to cut away at the staff. He stated there will be negative ripple effects of additional cuts. He stated each year that he has been on the Council there have been budget cuts and everyone always says that Syracuse City 'does more with less' than other cities. He stated that he wants to be very cautious in moving forward from this point. He stated that he is not opposed to considering various ideas, but the Council needs to be very careful. He added that he would like to point out that the financial difficulties of the City have already been placed on the backs of the employees and it has been that way for a very long time. He stated that staff is always willing to step up and do what they need to do to help the City. He stated he wanted to be sure that the Council makes decisions that will have positive effects in the long term and that the Council tries to anticipate what the ripple effects of their decisions will be. He stated that sometimes the Council makes decisions that have a negative impact on the City because the Council has not anticipated those negative possible side effects when making the initial decision. He stated that the group that he is most worried about in the City is the demographic of young families; they seem to be struggling the most during this economic downturn and he is concerned about them. He then stated that if the Council mandates a furlough it will be necessary to give Administration the authority to stipulate the furlough days for individual employees to ensure that an entire Department does not go un-staffed during the furlough. He then stated that the Council needs to make a decision and move forward and hope for the best for everyone.

Mayor Panucci agreed with Councilmember Knight's sentiment about young families and he added that the most mean-spirited and nastiest emails he has received have been from that demographic. He stated they are desperate and he can hear the desperation in their emails; they are afraid they are going to lose their homes. Councilmember Hammond stated that all members of the Governing Body are saying pretty much the same thing; everyone knows that people are hurting. He stated that he has received a petition signed by 108 people that are opposed to the tax increase and he has received countless emails asking the Council to decide against raising property taxes this year. He stated that is one reason that Mr. Worthen has one of the hardest jobs in the City; he is required to be innovative during difficult times like this. Councilmember Knight stated that the City Council is responsible to give Mr. Worthen his 'marching orders' and he must carry out some of those difficult orders, but the Council is ultimately responsible for any decision regarding property taxes.

Councilmember Clark stated that he wanted to help people understand that the Council is not considering raising property taxes in order to increase expenses in the City. He stated that the proposed property tax increase would simply allow the City to maintain its budget, which is a 'bare bones' budget. He stated that any budget reductions made above the \$600,000 that has already been cut will simply reduce the amount of money the City has to function with. He stated that further reductions will reduce the budget to a pre-2008 state. He stated that he hopes the residents understand what that means, but he does not think that they do. He stated that people do not perceive the fact that the City has already made significant budget reductions. Mayor Panucci agreed. Councilmember Clark stated it is great that there are 108 signatures on a petition, but his guess is that those people do not understand what the additional property tax revenue would do for the City. He stated it would not be revenue addition; rather, it would be revenue replacement and it would not provide for anything new.

Councilmember Knight stated the scariest thing of all is the latest sales tax revenue report. Mayor Panucci stated that sales tax revenues continue to decrease and one reason that the City is in the situation it is in is because sales tax revenues, which are used to compile the City's budget, are much lower than projected.

Councilmember Shingleton stated there are some interesting programs being used in other cities; some cities ask their employees to come up with ideas that will save their city money and when that happens the employee is given a percentage of the savings. Mr. Worthen stated that Syracuse City is currently doing that as well. Mayor Panucci stated that the upcoming budget year will be a very tough year; it will be very challenging. He stated that one thing that needs to be clear to everyone is that the Council is responsible for the budget; that is an elected official's primary duty and if any Councilmember approaches any Department Head and asks for information about the budget, they should be given free access to that information. Councilmember Clark stated that has been his experience; he has not had difficulty obtaining information from any member of the Administration. Councilmember Knight stated the same has been true for him. He then stated that regarding a furlough, he would like each Department Head to visit with the Council and provide their input on how a furlough would work in their department so that the Council has as much information regarding the impacts of a furlough as possible before making a decision. Mayor Panucci agreed that would be good information to have and that the City Administrator and Department Heads know where a furlough would hurt the least. Councilmember Clark stated that

information would be helpful, but he felt that the furlough would need to be applied equitably. Mayor Panucci agreed, but added that Department Heads should make recommendations about what additional cuts could be made.

Councilmember Hammond stated that he fully understands the responsibility of the Council, but what he is trying to say is that the City's Administration has an 'inside track' that the Council does not always have. He stated that is the key and the common denominator. He stated that information can be used to make the organization the most efficient and the most accountable. He stated that those that are working the best are the City's top performers and those that are not should be held accountable. He stated that Senior Program Coordinator Vigil suggested selling the senior program's bus; Recreation Director Robinson suggested increasing recreation fees. He stated that ideas such as these are great ideas. He asked if the City doing everything possible to get as much stimulus money as possible; is the City writing grants. He stated that those are the types of things that help the management of the City. Mayor Panucci stated some grants are earmarked funds that the City has applied for and if those grants are awarded to the City, the associated funding will be very helpful. He then stated that he felt that everyone had had the opportunity to articulate their opinion and he asked when the Council wanted to sit down and start crunching the numbers. Councilmember Knight stated that it is clear that there will be a tax increase because it will be impossible to reduce expenses by an additional \$600,000 in order to balance the budget. Councilmember Clark added that it will not just be this year that will be difficult for the City; he stated that it may be necessary to make these types of difficult decisions in the next few fiscal years. Mayor Panucci stated that the last two things that should be on the table should be the erosion of the pay scale or the elimination of positions. Councilmember Hammond agreed.

Councilmember Shingleton inquired as to how the income of the City is viewed by bond companies. Councilmember Knight stated that bond holders look at how much money the City has in reserve in order to issue a bond rating. Mr. Worthen added that it is likely that the bond rating of every city is currently being reviewed and each city's bond rating will likely fall, including Syracuse City's bond rating. He stated that the City's franchise tax money is used as debt service funding. Mayor Panucci stated that he does not have concerns that the City will be able to make its bond payments.

Councilmember Hammond stated that he wanted to focus on Councilmember Clark's comment about making difficult decisions in future years. He stated that maybe the Council can not do everything this year, but the following year's budget, fiscal year 2010-2011, is the budget that will really need to be looked at very closely. Councilmember Clark stated that he felt that process would be necessary every year for the next few years. Councilmember Hammond agreed, but stated that the Council already knows of some significant things, such as potential increases in retirement contributions, that will impact next year's budget. Councilmember Knight stated that what is very frightening is the fact that many experts are predicting that next year will be more difficult than this year. Mayor Panucci stated that next year will definitely be worse than this year. He stated that the first few months of the fiscal year 2008-2009 were good months and the revenues were at their projected levels. He stated that in the fiscal year 2009-2010, that will not be the case and the following year will be even more difficult. He stated that is why the Council can not allow the fund balance to erode. Councilmember Peterson stated that he used to believe that the best thing would be to raise taxes by a small amount each year, but he now feels that no one would be happy with that practice.

Councilmember Clark inquired as to what percentage retirement contributions will be increased by. Mr. Worthen stated that he has been told the increase could be between three and five percent more than current contribution rates. Councilmember Clark stated he had heard that the increase would be no more than two percent. Mr. Worthen stated that any information provided by the legislature will trump the rumors that are currently circulating. Mr. Holt added that the City currently contributes 11 percent to the State Retirement System and a two percent increase would cost the City approximately \$120,000 more annually.

The Council then decided to discuss furlough options more in depth during their June 23, 2009 work session and they decided to begin that meeting at 5:30 p.m.

The meeting adjourned at 8:45 p.m.

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Fred Panucci  
Mayor

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Cassie Z. Brown, CMC  
City Recorder

Date approved: July 14, 2009

Governing Body/Administration Assignment List

- Mayor Panucci and members of City Administration will attend a County Commission meeting to discuss sharing Senior Citizen Program resources. (01-08-08)
- City Administrator Worthen and Finance Director Holt will work on developing a proposal regarding a Fleet Replacement Program. (01-08-08)
- Administration will advertise the creation of an audit committee and solicit community involvement. Once a member of the community has been selected, a resolution will be drafted to create the committee and appoint the members. (02-26-08)
- Councilmember Clark suggested the creation of a distribution list that people could add their name to in order to receive electronic copies of agenda, newsletters, etc. City Administrator Worthen will work with staff on that issue. (02-26-08)
- Human Resources Director Alldredge will research the options for including a “commitment clause” in the City’s tuition reimbursement policy. (05-27-08)
- City Recorder Brown will research the rates that other cities are charging to allow businesses to advertise in their newsletter. (06-10-08) (10-28-08)
- Administration will research the contract between the LDS Church and the City regarding the donation of the Founders Park land. (06-10-08)
- Council will revisit the proposal to create the positions of HR Generalist and Treasurer after the implementation of the electronic time keeping system. (10-14-08)
- Mr. Worthen will research EPA guidelines to determine when the City will be required to install a de-silting station. (10-28-08)
- Councilmember Clark will gather information from the WIWMD regarding participation in pilot recycling programs and report back to the Council. (01-13-09)