

Minutes of the Work Session meeting of the Syracuse City Council held on June 23, 2009, at 5:30 p.m., in the Council Work Session Room, 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
Recreation Director Kresta Robinson
Police Chief Brian Wallace
Building Official Jason VanAusdal
Jody Howell
Holly Craythorn
Lance Jensen
Ryan Carter
James Nelson
Erin Behm
Pat Brenchley
DeWayne Hitchcox
Trier Allen
Anthony Swenson
Judy Merrill
Tyler Church

Information Technologies (IT) Director TJ Peace
Community Development Director GJ LaBonty
Fire Chief Craig Cottrell
Tex Couch
Janice Lansing
Heath Rogers
Tracy Jensen
Casey Johnson
Corey Rowley
Joshua Steele
Joe Hamblin
Troy Jamison
Nathan Nance
Dan Holman
Ryan Mills

The purpose of the Work Session was for the Governing Body to review the agenda for the Regular Council Meeting to begin at 7:00 p.m., review the City Council Calendar, review the City Claim Statement, review and discuss the Tentative Fiscal Year (FY) 2009-2010 Budget, and discuss Council Business.

Regular Meeting Agenda

Mayor Panucci stated that item ten on tonight's agenda is a public hearing to consider the budget. He stated that during the public hearing would be a good time to tell the citizens in attendance that the Council will not be making decisions regarding the budget during tonight's meeting and that if there is going to be a tax increase the Council will need to hold another public hearing. The Council then reviewed the noticing requirements related to the truth in taxation process, with City Recorder Brown explaining that the Council must either adopt a final budget tonight or adopt an operating budget with the intention of investigating a possible tax increase.

Councilmember Clark stated that he sent an email to Ms. Brown citing some changes that he would like to make to the minutes included for approval on tonight's agenda.

Finance Director Holt briefly reviewed the list of items to be included in the budget opening listed as item nine on tonight's agenda.

Calendar

Councilmember Clark reported that he will be out of town next week, Monday June 29 through Thursday July 2,

Councilmember Shingleton reported that he will be out of town July 1 through 3.

Councilmember Knight reported that he will be out of town July 1 through 8.

Tentative Fiscal Year (FY) 2009-2010 Budget

Mayor Panucci stated that he wanted to say that City Administrator Worthen and Mr. Holt have worked very hard on this year's budget and that they just concluded a meeting where they came up with a great approach to looking at the budget that will be beneficial to everyone and he asked Mr. Worthen to review that approach. Mr. Worthen stated that he and

Mr. Holt have been reviewing the budget over the last few days, though the budget preparation process began in March of this year. He stated that the budget process this year has been a very long process. He stated that Mr. Holt has prepared a document for review by the Council that has the option of balancing the budget without a tax increase. He stated that option includes sacrificing two significant items from the budget; significant road work projects and the reduction of franchise tax dollars by doing a one time transfer of \$245,000 to the road fund. Mayor Panucci asked if there would be any money left in the franchise tax account if the transfer were to happen. Mr. Worthen stated that there would still be some franchise tax money available. Councilmember Peterson stated that he thought that all franchise tax revenues were committed to debt service. Mr. Holt stated that not all franchise tax monies are committed to debt service. Mayor Panucci agreed and added that franchise tax revenues will continue to grow. Councilmember Knight added that the State Legislature is considering amending some franchise tax laws that would impact cities next year. He stated that a transfer that would reduce the franchise tax monies might be a viable option this year, but it would not be a viable option next year. Mayor Panucci stated the Legislature has considered amending franchise tax laws every year. Councilmember Knight stated that is correct, but the Legislature is actually calling a special legislative session this year to consider those changes. Mr. Worthen stated that the transfer is an option and, if approved, would provide approximately \$78,000 in the road fund to perform some road maintenance. He added that revenues in the Recreation Department have been increased to reflect the increase in recreation program user fees, which the Council discussed during their last meeting. He added that some other small things have been removed from the budget, such as employee Christmas bonuses or gifts. Councilmember Clark asked if the budget is based on current revenue amounts, to which Mr. Worthen answered no and explained it is based on projected revenue amounts. Mayor Panucci stated there are a couple of things about this approach that must be understood; if the Council decides to increase property taxes by 10 percent rather than the originally proposed 40 percent, virtually everything in the budget is held harmless with the exception of road projects. He stated that Mr. Holt and Mr. Worthen have done something very wise; they have projected sales tax revenues to be very low. He added there is a good chance the City could receive some help from the federal government by the way of road grant funding or revenues could increase and it may be the case that at the end of the year there is enough money available to do some road projects. He stated he would rather take that approach than budgeting for road projects and hoping that the money becomes available. Councilmember Knight stated that if the City is in the same financial situation next year, but there is no franchise tax money available to transfer around, there would be a replay of what the City has just gone through. Mayor Panucci stated that is almost true. He stated the City is seeing an increase in sales tax revenues and there is a chance the City will be awarded water line and road funding from the federal government. He stated that if the City does not receive road money, but does receive water line money the City will still be ahead because that will eliminate the need to take money from the enterprise fund to perform water line projects. He stated that money would then be available to do some road work. Councilmember Clark asked how good of a chance the City has of being awarded federal funds. He stated that he does not want to gamble and run into this same situation next year. He stated that he feels the City will be worse off next year because the economy will be worse, but the City will no longer have a cushion to fall back on. Mayor Panucci stated that over the past year the City spent \$333,000 on roads; even if the road budget for the coming year is \$75,000 it will still be possible to complete the 2700 South road project with impact fee monies. Councilmember Clark asked if there are sufficient impact fee monies available to complete that project. Councilmember Knight stated that water line projects are done in conjunction with road projects and he asked if water impact fees can be used to resurface roadways, to which Mayor Panucci answered no. He stated that money would be taken from the utility fund to resurface the road over the pipe. Mr. Worthen added that the City would go to the ratepayers and ask to borrow money from the enterprise fund to make necessary improvements. Councilmember Knight then asked if the fund balance is still at five percent of the total budget, to which Mr. Worthen answered yes. Mayor Panucci then stated that if the Council decides to balance the budget by using the option presented by Mr. Worthen and Mr. Holt he felt the Council should still implement a 10 percent property tax increase to ensure that money starts going into the bank to bolster the fund balance and to provide extra money to complete future road projects. Councilmember Clark inquired as to what impact fee fund would be used to complete the 2700 South project. Mayor Panucci stated the transportation impact fee fund monies would be available for that project. Councilmember Clark stated that fund currently has a negative balance. He stated he wants to understand where funding will come from. Mr. Holt stated that there will be \$2.1 million to start the year and the City will spend about \$600,000 more than will be brought in, meaning there will still be \$1.15 million available. Councilmember Clark asked how much the 2700 South project will cost the City. Mr. Worthen stated the current estimate is that the project will cost approximately \$400,000. Mayor Panucci added that 2700 South is one of the worst roads in the entire City. He then stated that the decision is for the Council to make. He asked them if they wanted to implement a tax increase that would provide more money for road projects. Councilmember Clark stated that he would like to see any increased property tax revenues deposited into the City's fund reserve account. Councilmember Knight agreed that the City's fund balance must be maintained. Mayor Panucci then explained that the certified tax rate being recommended by the County this year is already higher than last year's adopted certified rate. He

stated that if the Council accepted the tentative budget as is and increase property taxes by 10 percent the City would realize an increase in property tax revenues of \$154,000, which could be deposited into the City's reserve. Councilmember Peterson stated that option is appealing to him because there is no way for the Council to know what state the economy will be in next year. Councilmember Knight reiterated that the State Legislature is looking at ways to increase their own revenues, which means that some municipal revenue sources may be discontinued, such as B&C road funding. He stated he would like to have a little bit of money in reserve to serve as a cushion because he thinks next year will be another rocky year. Mayor Panucci agreed and stated the Council needs to focus on ways to bring revenue into the City. Councilmember Clark reiterated his feeling that any additional revenues should be placed in the City's reserve account. Mayor Panucci agreed and added that if the Council wants to use reserve money for a road project, they would have that option. Councilmember Knight stated that if the budget is adopted as is being recommended tonight people need to understand that City roads will be ignored. Mayor Panucci stated the Council could review its revenue status in January and get a good idea of 'what the picture looks like' for the next fiscal year. Councilmember Clark stated that he does not feel that the tentative budget is a sustainable budget and at some point it is going to break and the Council needs to be prepared for that to happen, which is not the case now. Councilmember Knight asked if it is correct that there is funding in the tentative budget to replace two police vehicles. Mr. Worthen stated that is correct, but he reminded the Council that funding to replace the Fire Chief's truck has been eliminated. Councilmember Clark stated he is concerned that citizens will believe that this is a sustainable budget and the Council needs to do something to help them understand that it may be necessary to implement another tax increase again next year. He stated that based on the City's current tax rate and the current revenue status the City does not have the ability to 'play catch-up' and there is not sufficient funding to pay for needed infrastructure projects. He stated that, however, that he would rather eliminate funding for road projects than continue to 'hammer' City employees, but he is still concerned. He stated the City does not have a plan for funding and there is nothing in place to save the City if things start collapsing. Mr. Holt stated there is a scenario in the budget to provide for permanent funding for some things. He stated staff is saying that it is possible to balance the budget this year, but that means that the overall budget amount is much lower than originally proposed. Councilmember Clark reiterated his feeling that any revenues generated by a tax increase should be deposited into the City's reserve fund. Councilmember Knight agreed. Councilmember Clark reiterated his feeling that the City will be facing another rocky year next year. Mayor Panucci agreed and stated that 2010 will not be a good year. Councilmember Clark stated he believed 2010 would be worse than this year. Councilmember Hammond stated the Council already knows that 2010 will be a bad year due to the status of retirement funding. Mayor Panucci stated that is why any additional revenues generated by a tax increase should go 'in the bank'. Councilmember Clark stated that maybe it would be a good idea to go for half the amount of the tax increase that was originally proposed and increase taxes by 20 percent. Mayor Panucci stated that a 10 percent increase would increase property tax revenues by \$154,000. Mr. Holt then reviewed the total tentative expenditures and the total tentative revenues included in the most recent version of the tentative budget. He stated that some items have been removed in order to reduce expenditures, which reduced the total shortfall. He reiterated that the road project funding would be all but eliminated, leaving approximately \$77,000 available to perform routine maintenance and patchwork. He stated that if this option is approved it would not be necessary to increase taxes in order to fund the budget. Mayor Panucci stated that the City will still end up with two major road projects being funded this year; the roundabout and the reconstruction of 2700 South from 1000 West to 2000 West. Councilmember Peterson asked if the projects originally included in the road fund were going to be performed by a contractor or in-house. Mr. Worthen stated that the majority of the projects were contract projects. Councilmember Knight stated that he saw a list at one time including all needed road projects, totaling \$11 million. He stated those needs are being ignored. Mr. Worthen stated that he currently is aware of \$4 million in projects to be completed. Mayor Panucci stated that road projects on minor and major collector streets were presented and used in applications for federal funding. Mr. Holt then stated that if the Council wants to do road projects it will be necessary to increase revenues. He stated the tentative budget is only a 'get-by' budget. Mayor Panucci then stated the decision was made to ask Community Development Director LaBonty to set aside some his job duties, such as review of Title 10, to focus on grant writing. He stated there are stimulus package funding options popping up on a daily basis. He added that Fire Chief Cottrell has offered to assist with grant writing and he has been very successful in writing grants in the past; he recently received an \$11,000 grant for fire shelters. He stated that the grant funding can not be counted on, but grant writing needs to be focused on by City staff. He stated that the City can not let stimulus money pass by without applying for its share. Councilmember Knight stated that the City should focus on Wasatch Front Regional Council (WFRC) grants as well. Mr. Worthen stated that he spent about an hour with JUB Engineers today and they identified roads that need to be included on the State transportation map and once they are on the map the City can apply for federal funding to assist with them. Mayor Panucci then stated that before the Council is a balanced budget; if the Council wants to add to it they can and they will need to decide what kind of increase they want to realize through a tax increase and where the increased funding should be used. Councilmember Clark reiterated that he wanted any increase to go into the City's reserve. Mayor Panucci

stated that he likes this approach that has been taken by staff. Councilmember Shingleton added that this option shows the citizens that the City is doing its part by tightening its belt; many citizens are going through tough times and it is important for them to know that the City is doing things to help. Councilmember Peterson stated that as he has heard from residents he has heard that they want the Council to balance the budget without a tax increase. He stated that this option does that. He stated that, on the other hand, some citizens have recommended small tax increases each year and that money be saved for the future. Councilmember Clark stated he would like for the Council to increase taxes by more than 10 percent. He added that he would like to be able to deposit \$200,000 into the reserve each year until eventually there is over \$1 million in the reserve fund. He stated he feels that is very important and if this Council can leave that legacy with the City, the City will be in a much better position than it is in today and the control will be available to prevent the City from going through this situation again. He stated that he would like the Council to make good decisions for the long term. Councilmember Peterson asked how a 10 percent increase would be advertised. Mr. Holt explained that the certified tax rate being recommended by the County is seven percent higher than the current tax rate, but that is due to property value reductions. He stated that the tax rate is revenue driven rather than rate driven. He stated that some people whose property values have not changed will see an increase even if the City does not raise taxes. Mayor Panucci explained that the rate is designed to allow the City to realize the same amount of property tax revenue as was received last year regardless of what property values do. Councilmember Peterson stated he understands the calculation method for the tax rate, but pointed out that residents will see that the rate is being increased regardless of whether the City mandates that increase. Mr. Holt stated that is correct and he added that some citizens will be paying less while some will be paying more; the County has revalued every property in the County. Councilmember Knight stated he understood the County intends to do that each year. Councilmember Shingleton inquired as to what the impact of a 10 percent increase would be on a resident with a \$250,000 home, to which Mr. Holt answered \$20.62 per year. Councilmember Clark stated that the Council has gone from talking about a 40 percent tax increase to considering a 10 percent increase. He stated that he would rather increase taxes by 20 percent and place any increased revenues in the City's reserve. Mr. Worthen stated that for every 10 percent the tax rate is increased by the City would realize approximately \$155,000 in additional revenue. Mayor Panucci asked if the Council is comfortable with the current approach. Councilmember Clark stated that he is still concerned that the tentative budget is not a sustainable budget, but he does feel somewhat comfortable. He stated that he does not like the fact that road projects will be eliminated, but he would rather eliminate those than other things. He stated he is hopeful that the City will be awarded some grants. Councilmember Hammond stated that the thing he likes the most is that the entire staff has done things to reduce the budget in order to provide the Council with a balanced budget. He stated the City started with a \$1 million shortfall and staff is to be commended for reducing that shortfall to where it is now. He stated that as 'we' continue to manage, staff will be able to continue to make reductions and a tax increase will not be necessary. He stated it is possible the City will receive some stimulus monies. He stated this is what the Council needs to do; the Council is looking at implementing a tax increase in the fiscal year 2010-2011 because of all the things that the Council is aware of that will be coming forward. He stated that as a result of that, the Council needs to concentrate on the current situation and his choice would be to do a tax increase next year rather than this year. Councilmember Knight stated the Council is operating by the 'skin of its teeth' and he is in favor of a 10 percent tax increase to provide the City with some type of cushion. He stated that he attended a Utah League of Cities and Towns (ULCT) meeting this week and they talked about how the State will be taking as much money from municipalities as they can, which means that cities will suffer financially. He stated that the City needs to be extremely active on Capitol Hill this year. He stated that he does not want to bank on grants until they have been awarded to the City. Mayor Panucci agreed, but stated that the City needs to pursue grants, which has not been happening as it should. He stated the City has 'made a pitch' for funding at the federal level for water line and road projects. Councilmember Knight stated that his fear is making it to April 2010 and finding out that the City is completely broke and the doors need to be shut. Mayor Panucci stated that one thing that is certain is that the Council will need to watch the FY 2009-2010 budget constantly; the Council can not wait until seven months into the FY to check the status of the budget. Councilmember Shingleton stated that the current proposal provides for employees as well as the needs of the public. He stated that the thing that he hears repeatedly in phone calls and emails is that citizens are hurting. He stated that the Council would show that the City is doing something about this problem by adopting a balanced budget with no tax increase. Councilmember Hammond stated that one additional thing that could be done is involving the community. He stated he would like to get citizens involved in all sorts of areas to help the City out and that way the City can move forward with the community's support so that if taxes need to be raised next year the citizens will be able to realize the efforts that have been made to prevent or keep a tax increase as low as possible. Mayor Panucci stated that the more citizens are involved the higher number of voices there will be of citizens that have a better knowledge of what issues the City is facing. He stated that the average citizen thinks they are paying their fair share for services via their property taxes. Councilmember Shingleton stated there are people that are willing to volunteer to help the City and there are projects they can do; the stones in the stream at Jensen Park were laid by citizens; the museum lawns and trees were planted

by citizens. He stated those are the type of projects that bring a citizenry together. He stated it is 'fine and dandy' to have a Heritage Days celebration, but such an event is not necessarily constructive in a positive way. He stated that when one is working side by side with someone else they meet people that live in their community and that binds a City. Councilmember Hammond stated that is what the City of Syracuse was built on and the City needs to get back to that. Councilmember Clark stated that he will never be one to say that he does not want people volunteering in the community, but he pointed out that someone paid for the rocks and the grass and the trees in order for those projects to take place and right now the City does not have funding to make those type of volunteer projects happen. He stated that the City could use volunteers, but there is no money to buy the things they need; the Council needs to be cognizant of that fact. Mayor Panucci added that there are limited things that volunteers can do and volunteers can actually end up costing the City money. Mr. Worthen stated that volunteers do cost the City money. Councilmember Shingleton stated that all of these ideas need to be incorporated. He stated that he felt the City could get most of the Heritage Days fireworks paid for through donations if the City starts asking for those donations now. Councilmember Clark agreed and stated that if that does not happen the City should not do fireworks next year. He stated that he simply wanted the Council to figure out in what areas of the City volunteers could be used rather than making a broad statement that the City wants volunteers. Councilmember Knight reiterated that the bottom line is that the City is operating by the 'skin of its teeth'; there are a lot of possibilities, but he thinks the City should have something to fall back on in the case that unforeseeable things happen. He stated that the City is driving on the edge of a cliff and he wants to move away from that edge a little. Mayor Panucci stated that this budget process has not been easy for anyone; it has been very difficult on staff, the Council, and employees. He stated that everyone has been looking to the Council and asking what will happen. He stated that he wanted to tell the employees of the City that if they think that any decisions the Governing Body is making are easy decisions, that is incorrect. He stated that for the Council to consider furloughs or workforce reductions was not easy and if anyone thinks that it is easy they have never sat in a management position. He stated making those types of decisions are the hardest thing one can ever do. He stated that the perspective that the Council should have is not a myopic one; the Council hears from citizens, Department Heads, and staff and now is not an easy time financially for anyone. He stated that the most desperate emails he receives are from young families rather than from the senior citizens. He stated that he receives emails and phone calls from people that are barely hanging on; they have lost their jobs, lost opportunities for overtime, taken pay cuts and they are worried they are going to lose their homes. He stated that when they hear the City is considering increasing taxes by 40 percent they 'flip-out'. He stated the stress and resentment and anger they feel is great. Councilmember Knight stated that City staff always contributes to projects; the Fire Department contributed to the design of the fire station and the same should be true in the budget process because some people will see things that may have been overlooked. He stated the effort must be taken on from the top down to the bottom. He stated he relies heavily on staff for their input.

Mr. Holt then stated the Council is scheduled to hold a public hearing this evening to adopt or defer adoption of the final budget and the Council must determine what type of tax increase, if any, should be advertised to be in compliance with the truth and taxation rules. Mayor Panucci stated that after the public comment period the Council can make a motion to examine the tax rate further and decide on an appropriate tax rate or accept it as recommended by the County. Mr. Holt stated that the Council must give some direction tonight as to what potential tax rate should be advertised. Councilmember Knight stated that those in attendance should be informed of what the Council is planning to do before entering into the public hearing. Councilmember Clark stated he would like to make the comment that the Council is considering increasing by zero to 15 percent and any increased revenues would go into the City's reserve fund. Mayor Panucci stated that may be Councilmember Clark's opinion, but the rest of the Council should have input. Councilmember Clark stated the Council has discussed depositing any increased revenue into the City's reserve. Councilmember Peterson stated it is important for the citizens to know that the Council is no longer considering increasing taxes by 40 percent. Councilmember Shingleton then stated that he wanted to thank staff and citizens for being here this evening; it is important for them to be here and he respects their input and ideas.

The meeting adjourned at 6:38 p.m.

Fred Panucci
Mayor

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)