Minutes of the Centerville City Council Work Session held Tuesday, May 29, 2018 at 5:30 p.m.
at Centerville City Hall, 250 North Main Street, Centerville, Utah.

MEMBERS PRESENT

Mayor
Clark Wilkinson

Council Members
Tamilyn Fillmore
William Ince
Stephanie Ivie
George McEwan
Robyn Mecham

STAFF PRESENT
Steve Thacker, City Manager
Lisa Romney, City Attorney
Jacob Smith, Management Services Director
Katie Rust, Recording Secretary

FY 2019 TENTATIVE BUDGET

Updated Information

- Employee Health Insurance – Mr. Thacker updated the Council on dental insurance options, and recommended the City offer two options with employees paying any additional premium what the City would pay for the lower cost option.
- Sales Tax Revenue – Mr. Thacker reported that the most recent sales tax projections reflect estimates approximately $60,000 less than originally anticipated for both FY 2018 and FY 2019.
- Administrative Service Charges – An additional $20,474 will be transferred to the General Fund from enterprise funds and the RDA to cover administrative service charges, compared to what is in the Tentative Budget.
- Whitaker Museum Fund – The transfer from the General Fund to the Museum Fund has increased by $2,400.
- Water Rate Restructuring – Mr. Thacker stated the analysis regarding the fluoride component of the water rate is not complete.

Position Reviews/Upgrades

City Manager Thacker presented a list of positions recommended for upgrade or under review. He stated the Council may desire to authorize an outside independent review of management positions. To bring the management positions closer to current market levels now, he recommended increasing the pay ranges for management positions by two pay grades (essentially a 10% increase). Councilwoman Fillmore expressed support for the temporary solution, but said she believes something more will need to be done in the long-run. Mr. Thacker stated an independent salary analysis has not been done during his time with the city. He said the point factoring system that has been used has probably not given adequate consideration for the supervisory burden of management positions. Councilman Ince suggested the lack of turnover in the City is indicative of paying comparatively higher than is realized. He said he has been impressed with the sophistication of the compensation system that has been
used. A majority of the Council indicated support for the adjustments recommended by Mr. Thacker, and expressed interest in learning more about independent review options.

Salary Administration Guidelines

Mr. Thacker presented his recommendation to increase percentages in the Pay Matrix from 4%, 3.5%, 2.5%, and 2% in Quartiles 1-4 respectively for the top of the Merit Range, to 5%, 4%, 3%, and 3% because of the current market. Councilwoman Fillmore said she would be willing to add flexibility to Consistently Exceeds Expectations, but would prefer to not increase the Merit ranges. The Council and staff discussed employee turnover in the last eleven months. Responding to a question from Councilman McEwan, Mr. Thacker said there has not been a year in his time with the city that employees did not get some amount of raise. Councilman Ince said, in his professional experience, absence of turnover indicates an employer is being too generous. Mr. Thacker responded that government is probably different from the private sector in that regard. Mr. Ince stated most citizens in Centerville have had years when they did not receive a pay increase.

Mayor Wilkinson commented that all employee benefits, including health insurance, should be taken into consideration. Councilman McEwan added that hygiene factors, such as environment, also factor into employee retention. Mr. Thacker stated department heads used to have a discretionary bonus pool of 1%. The amount was reduced to 0.5% in response to the recession. He suggested the Pay Matrix percentages could remain the same as last year and the discretionary bonus pool increased to 1%, with direction to department heads that not all of the 1% needs to be used. Mr. Thacker brought up a suggestion made by Councilman McEwan at a previous meeting that the bonus amount could be offered as a lump sum rather than base pay.

The Council discussed the current Pay Matrix system versus a Cost-of-Living Adjustment (COLA) with bonus adjustments possible above an annual COLA. Mr. Thacker said he does not think every employee should count on receiving a 2-3% increase every year just for staying another year. Mayor Wilkinson commented that many City employees stay because of their department heads, and emphasized that department heads need to be adequately compensated. A majority of the Council indicated support for keeping the Pay Matrix the same as last year and allowing a 1% bonus pool. Councilman McEwan stated he would like an outside salary analysis.

Additional Funds for Police Officer Pay

An extra $60,000 is included in the Tentative Budget for Police Department pay increases. Chief Child will have flexibility to apply the amount as he sees fit. Councilwoman Ivie stated she would be comfortable with increasing that amount to $75,000, funding the increase with the amount saved by not changing the Pay Matrix. Chief Child’s initial budget request was for $70,000. A majority of the Council indicated support for increasing the extra amount to $75,000.

Administrative Service Charges

Staff reevaluated the amounts for administrative service charges to be assessed to the enterprise funds and the RDA, i.e. revenue from those funds transferred to the General Fund. Mr. Thacker recommended an increase in the amount transferred from enterprise funds, and a decrease in the amount transferred from the RDA, with a positive net impact on the General
Fund. He explained that administrative service charges for the RDA have exceeded the amount originally anticipated. Staff time spent on RDA issues has been considerable in recent years, but Mr. Thacker said he sees the situation becoming more stable. He said he does not feel he could justify the higher amount going forward.

Yet To Be Allocated

The amount in the General Fund yet to be allocated is now approximately $327,000. Mr. Thacker recommended the following allocations:

- Pay Matrix: $138,000
- Police Officer additional pay: $60,000
- Employee health insurance cost increase (City share): $41,000
- Add to General Fund Reserve: $100,000
- $339,000

Mr. Thacker recommended transferring funds from the General Fund to the Transportation Fund to make up the additional $12,000. Councilman McEwan said he feels the sidewalk project should not take more than five years to complete, and that each year should receive funding to complete at least one-fifth of the work needed. He pointed out the amount recommended by staff is much lower than one-fifth of the total cost of the project. Mr. Thacker suggested $50,000 for sidewalk repair would show a good-faith effort. Councilman Ince said he would prefer $75,000. Councilwoman Fillmore said she would like a percentage of the Transportation Fund to be allocated annually to active transportation. That amount could fund the sidewalk repair project. Five percent of the Transportation Fund Budget is $70,000.

Councilwoman Mecham suggested the Council set aside $25,000 for cost-sharing with residents who are willing to pay half of the repair cost. Councilman McEwan said he would want that $25,000 to be separate from the amount budgeted for the project. Mr. Thacker said he would consult with City Recorder Mackenzie Wood, who completed the initial sidewalk analysis, for an estimate of how many of the cracks 0.5 inches or less may have increased in size. Lisa Romney, City Attorney, stated she believes resolving the sidewalk issue within five years is a good-faith effort. The City needs a sidewalk maintenance program that makes sense.

Mr. Thacker informed the Council that LTAP (Local Transportation Assistance Program) will conduct an independent review of City road conditions later in the summer. He recommended the Council may want to re-evaluate how much of the Transportation Fund is designated for sidewalk repair after more is known regarding what is needed for the roads. Councilman McEwan emphasized that the sidewalk repair project should be completed within five years. He expressed support for setting aside an amount for cost-sharing with residents. Councilman McEwan said he would support allocating $25,000 in the General Fund and 5% of the Transportation Fund for sidewalk repair. A majority of the Council indicated they would like further information before making a decision.

Proposed Uses of FY 2018 Projected General Fund Surplus (in FY 2019 Budget)

Mr. Thacker presented proposed uses for the FY 2018 projected General Fund surplus of $250,000:

- Personnel contingency for retirement cash-outs, annual cash-outs, etc.: $80,000
- Supplement FY 2019 Streets equipment replacement funding: $100,000
Mr. Thacker suggested the remaining surplus could be used to increase General Fund Reserve or reduce/pay off the UIA assessment owed. The Mayor and Council members pointed out that the UIA assessment is not shown as a liability on the City's financial sheets, and has no interest applied to it. They expressed a preference to let UIA continue applying the City's portion of the revenue return to the operating assessment owed. Councilwoman Fillmore suggested the Council allocate the remaining surplus to the $12,000 shortage mentioned earlier and to additional police officer pay. A majority of the Council appeared to agree.

**Solid Waste Collection Fees**

Mr. Thacker presented a Sanitation Rate Analysis and recommendation. A majority of the Council indicated support for the proposed rates.

**RDA Tentative Budget**

The Council and staff discussed the RDA Tentative Budget. Ms. Romney advised that it would be best to align the administrative service charge with the analysis done by Mr. Thacker. Mr. Thacker repeated that he does not anticipate as much administrative time will be needed for the RDA as in past years.

**Other Budget Details**

- Bountiful Davis Art Center (BDAC) has asked for a $1,500 contribution from Centerville this year. The City has historically contributed $500. A majority of the Council indicated support for a $1,000 contribution as shown in the Tentative Budget.
- The Council discussed updating City Hall lobby furniture. Councilwoman Fillmore said she would want it to be done right, according to a designer's plan. Councilwoman Ivie said she is not inclined to replace more than the sofas. Mr. Thacker suggested the Council allocate a few thousand dollars from Contingency for replacing furniture.
- Mr. Thacker explained the additional $2,400 transfer from the General Fund to the Whitaker Museum Budget.
- The Community Development Director is looking into software for online applications. Staff may request $5,000 of Council Contingency in FY 2019 for this purpose.
- Councilman Ince said he was solicited by a provider for cyber security audits. He said he feels it is something the City should consider. A majority of the Council indicated support for an initial consultation.

**ADJOURNMENT**

The work session was adjourned at 8:53 p.m.

Mackenzie Wood, City Recorder

6/5/2018 Date Approved
Katie Rust, Recording Secretary