

Minutes of the Special Meeting of the Syracuse City Council held on April 26, 2016, at 10:00 a.m., in the Council Conference Room, 1979 West 1900 South, Syracuse City, Davis County, Utah.

Present: Councilmembers: Andrea Anderson
Corinne N. Bolduc
Mike Gailey
Karianne Lisonbee
Dave Maughan

Mayor Terry Palmer
City Manager Bovero
City Recorder Cassie Z. Brown

Staff Present: Finance Director Steve Marshall
City Attorney Paul Roberts
Community and Economic Development Director Brigham Mellor
Public Works Director Robert Whiteley
Police Chief Garret Atkin
Fire Chief Eric Froerer
Parks and Recreation Director Kresta Robinson

10:16:49 AM

1. Meeting Called to Order/Adopt Agenda

Mayor-Pro Tem Gailey called the meeting to order at 10:16:53 AM p.m. as a special meeting, with notice of time, place, and agenda provided 24 hours in advance to the newspaper and each Councilmember.

10:17:06 AM

2. Comprehensive review of budget proposals for Fiscal Year (FY) 2017.

A staff memo from City Manager Bovero explained the mission statement for the Administrative arm of the City is "To provide quality, affordable services for its citizens, while promoting community pride, fostering economic development, and preparing for the future."

Under the mission of the City, staff created a draft budget that outlines the resources to provide the services from these departments effectively. In drafting the budget, we followed the guidelines discussed in the November Council Retreat and the following vision statements adopted by Council:

10-Year City-Wide Vision Statements

- *We are a City with well-maintained infrastructure, including roads, utilities, and parks.*
- *In preparation for the West Davis Corridor, we will make provisions for interchanges to accommodate commercial businesses to serve the residents' needs and to support economic stability of the City.*
- *We are a financially stable City, balancing the cost of services with the level of services that we provide. The City will have minimal or no debt.*
- *The City will incorporate improvements, events, and services that create an overall feeling of connection and pride in the City by its residents.*

The memo referenced a summary spreadsheet (Budget Worksheet in Excel – FY2017.xls), which simplifies all of the budget requests into a format that is easier to understand as a whole. The following is a description of each tab in the spreadsheet:

- Summary: This sheet outlines the total budget by department/fund, showing it with additional personnel requests, and without. As you can see the total deficit with all new personnel request is (\$479,817). Without adding any personnel, there is a budgeted surplus of \$150,308. Also included is the budgeted surplus/deficit for each of the other funds, based on the personnel scenario.
 - On the right hand side, is a listing of the personnel options that have been requested, along with estimated costs.
 - Also on the right hand side is the estimated benchmark adjustments and wage compression adjustments in total. A separate email will be sent to the Council outlining a possible way to distribute these costs over multiple years, rather than a lump sum.
- Employee Compensation Detail: This sheet provides more detail on the overall components of the employee compensation portion of the budget. The green portion shows the costs already included in the draft budgets. The blue portion represents the new positions. And the red portion represents the costs that are not currently in the budget summary.

- Budget Requests With All Positions: This sheet gives an overall account of the revenues and expenses from each budget account. This scenario includes all the requested new employees, along with the associated costs (equipment, uniform, etc.).
- Budget Requests With No New Positions: This sheet gives an overall account of the revenues and expenses from each budget account. This scenario includes none of the requested new employees, nor does it have the associated costs (equipment, uniform, etc.).

Overarching Discussion Points

- The task for the Council and staff is to construct a budget that is in line with the City's mission and vision. The budget has different components that are connected, much like pieces of a puzzle. The discussion on Tuesday will focus on how those pieces will come together, based on the Council's priorities.
- The following list identifies some notable issues to address, of which the Council is well aware:
 - Staffing levels needed to maintain services, infrastructure, and parks.
 - 5-yr capital improvement needs.
 - Wage compression.
 - Long term utility fund solvency.
 - Method and policy for internal service allocations and depreciation pricing.

10:17:46 AM

City Manager Bovero reviewed the staff memo and an excel spreadsheet that summarized the requested budget for each Department in two formats: one included requested personnel positions and the other did not. He indicated that one proposal would result in a budget surplus and the other in a deficit. There was brief general discussion among the Council and staff throughout Mr. Bovero's presentation, the purpose of which was to help the Council gain a clearer understanding of the budget documents included in the packet. Throughout the discussion there was a focus on items such as the internal fund allocation, funding priorities, the option of hiring new employees compared to increasing wages of existing employees, overall employee compensation (merit increases, compression increases, market adjustments, and career advancement increases), franchise taxes, deficits and surplus in utility funds and associated utility rates, utility infrastructure capital projects, and depreciation.

12:01:51 PM

The meeting recessed briefly for lunch.

1:55:56 PM

The meeting reconvened.

1:56:15 PM

Council and staff discussion continued with a heavy focus on employee compensation and wage increases to correct wage compression. There was also discussion regarding the use of budget surplus in the current and next FY, and the five year capital equipment purchase plan. Throughout the meeting, Finance Director Marshall edited a working budget document to reflect changes requested by the Council throughout the discussion. Continued discussion centered on items such as memberships, travel and training budgets, sponsorships or contributions to various entities (Miss Syracuse Pageant, Arts Council), funding of the Farmer's Market, and electronic equipment or telecommunications policy for City employees. Discussion then refocused on employee compensation, with an emphasis on proper employee classification and the algorithm used to determine the compression proposal.

4:09:23 PM

3. Discussion regarding proposed Utility Rate and Cost Allocation Policy

A staff memo from City Manager Bovero explained that since January, the Council has discussed the issue of pricing internal services, and whether utility rates should be set at a rate that covers all of the direct and indirect costs of the service. As directed by the Council, a draft policy is attached for your consideration. The draft is a working document that will serve as a basis for the discussion of policy on April 26th. The purpose of the discussion is to determine what the Council feels is the best policy for the City, as it relates to this issue.

4:10:50 PM

Mr. Bovero reviewed his staff memo and provided an overview of the draft Utility Rate and Cost Allocation Policy.

[4:17:05 PM](#)

The Council and staff participated in high level discussion regarding the draft policy, with a focus on whether utility or enterprise funds should be self-sustaining or if it is appropriate to use enterprise funds to subsidize the General Fund. There was also discussion about direct and indirect costs charged to utility funds, with a suggestion made to determine a percentage of enterprise funds that should be provided to the General Fund to cover administration costs. Discussion regarding discontinuing the practice of covering administrative costs with enterprise funds continued, with the Council indicating that if discontinuation becomes necessary and the City must make up the loss of funding through a utility rate increase or a tax increase, they would opt for a tax increase and include a ballot question on the next municipal election ballot to allow them to vote on the funding option.

[4:56:10 PM](#)

The meeting recessed briefly.

[5:04:44 PM](#)

The meeting reconvened.

Discussion of the Utility Rate and Cost Allocation Policy continued; the Council decided to amend the policy to indicate that the enterprise funds will contribute up to 10 percent of the annual operating budget to the General Fund, with Councilmember Lisonbee indicating she would prefer that the percentage be closer to 6.5. She indicated this will leave more money in the enterprise funds that can be used for capital projects. Discussion of the draft policy continued, with a focus on changes in the practice of transferring money from the enterprise funds to the general fund and ensuring those changes are sustainable in the long term. Mr. Bovero stated he is nervous about relying upon one-time monies to reduce the transfer amount. The Council ultimately concluded to continue the discussion over the course of future work session meetings before deciding upon a final policy. Mr. Bovero indicated he will consider Council feedback to adjust the draft policy before bringing it back to the Council.

[5:36:36 PM](#)

2. Comprehensive review of budget proposals for Fiscal Year (FY) 2017
(continued)

The Council moved back to item one on the agenda and continued discussion of various Department budgets to determine additional reductions or adjustments that can be made. Discussions centered on equipment purchases, uniforms and employee apparel ordering consolidation, park maintenance and improvement projects and costs, trail resurfacing, street lighting, sundry funds, funding to meet recent storm water mandates, training budgets, novelties, badge and nametag manufacturing, miscellaneous incremental supplies, sidewalk and other concrete repairs, LED light conversions, advertisements for town hall meetings, outside consulting services, park development, park acquisition funding,

The meeting adjourned at [5:49:32 PM](#)

Terry Palmer
Mayor

Cassie Z. Brown, CMC
City Recorder

Date approved: July 12, 2016