

Minutes of the Work Session meeting of the Syracuse City Council held on May 24, 2016, at 6:00 p.m., in the Council Work Session 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 Brody Bovero
City Recorder Cassie Z. Brown

City Employees 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

The purpose of the Work Session was to have a discussion regarding the Interlocal Agreement for Animal Control Services; hear presentations by respondents to insurance Request for Proposal (RFP); discuss Stoker Gardens PRD secondary water connections; discuss Syracuse Storm Water Management Program Update; discuss Woodside Homes partial annexation fee waiver; review Recruitment and Retention Policy and Fiscal Year 2016-2017 Compensation Plan; discuss Utility Rate and Cost Allocation Policy; discuss Syracuse City Fund Balance Policy; discuss tentative Fiscal Year 2016-2017 budget; discuss potential amendments to Title Two of the Syracuse City Code; discuss City Council meeting schedule/format; and discuss Council business.

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Councilmember Bolduc led the audience in the Pledge of Allegiance. Mayor Palmer provided an invocation.

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Public comments

There were no public comments.

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Interlocal Agreement for Animal Control Services.

A staff memo from City Manager explained following the County's proposal to shift the majority (90%) of the animal control service costs to the cities, the city managers in Davis County convened a meeting to discuss the issue. In conjunction with the desires of each city's elected bodies, the group decided to open a dialogue with the County regarding both operational costs and capital needs in hopes to find a preferred scenario for providing animal control services to residents. This contract is the result of that dialogue with the County. The agreement authorizes the County to provide animal control services within Syracuse City, including enforcement of the City's animal control ordinances. Prosecution for violations of the animal control policy will be the responsibility of the City. Animal Control will be funded from the following sources:

- o Davis County general fund
- o Cities within the interlocal agreement
- o Fines, fees, and other collections by Davis County Animal Control
- o Donations

The cities will be responsible for 50% of the projected expenses, after subtracting the revenue received by the County from licenses, fees, etc. Syracuse City's obligation will be based on the City's proportion of animal control calls for services, compared with all calls for service county-wide. Wild and nuisance animals are billed separately at \$25.75 per call.

A 5-year capital projects fund is established at \$562,000 and will be funded 50% by the cities, at 20% of each city's obligation per year. The City's obligation is, again, calculated based on the proportional calls for service versus the entire County. An advisory committee is established to advise the County on budgetary issues. The committee is made up of 2 members from the County and 2 city managers recommended by the city managers group. Every two years, the County will conduct a fee/fine survey to ensure rates are set at market levels. The term of the agreement is through December 31, 2020. Either party may terminate the agreement. Each party holds the other party harmless and indemnifies the other party. The 2016 Calendar year contract amount for the City is:

○ Usage Rate-Based Cost:	\$52,514.93
○ Wild Life Calls:	\$2,214.50
○ Capital Project Fund:	<u>\$4,282.44</u>
○ Total:	\$59,011.87

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Ms. Bovero reviewed his staff memo.

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Clint Thacker, Director of Davis County Animal Care and Control, introduced himself and Tracy Rodham, Assistance Director, and summarized the services offered by Davis County as well as 2015 statistics for the shelter, which had a save rate over the last year of 91 percent. He added that contract negotiations between his Department and each entity that they serve is based on calls for service.

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Councilmember Maughan asked if there are any private sector options for animal control. Mr. Bovero stated that staff has looked into the private sector options, which are very limited and offer a different level of service. Councilmember Maughan stated that his primary concern is that when discussions of the proposed contract began, Davis County was asking that each city pay a higher percentage than what has been charged in the past and the amount being asked of Syracuse City was more than the City could afford; he indicated he does not like being put in that position. The City and Davis County have had a long term agreement and suddenly the Council asked for additional funding.

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Councilmember Lisonbee stated that she does believe the current amount requested by the County is fair. She also addressed other options for providing animal control services, such as working with other entities to create a special district, but the proposal of providing animal control services in house would be too costly. Mayor Palmer stated he believes the threat of creating a special district is what caused the County to lower the amount they were requesting from the City.

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Presentations by respondents to insurance Request for Proposal (RFP).

A staff memo from the Finance Director explained at the request of the City Council, administration advertised a request for proposal (RFP) for general liability, auto, and property insurance. There were two bidders on the RFP – Olympus and Utah Local Government Trust. Staff has asked each bidder to make a 10-15 minute presentation to the City Council. Administration assembled a review committee of 6 individuals to evaluate the written bids and grade them based on the following factors:

- Overall Cost, Coverage, and Approach
- Experience and qualification servicing the public sector
- Service Team - a. Experience b. Expertise c. Education
- Loss Prevention
 - a. Extent of agency's ability to analyze risk
 - b. Scope of loss prevention programs and training
 - c. Breadth of education and certification offerings
- AM Best ratings for proposed carriers and/or reinsurers
- Quality of references

The results of the review committee have been compiled and attached with this factual summation. The bidder's requests for proposal documents have also been provided to the Council for review. Staff recommends that the City Council review the committee evaluation scores, the bidder documents, and the presentation from the bidders to determine which

bidder would be their preferred choice. Staff recommends the City Council award the contract at their next business meeting on June 14, 2016. The effective date of the contract would start July 1, 2016 and be for a term of 1 year.

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City Manager Bovero reviewed the staff memo.

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Representatives of both Olympus Insurance and Utah Local Governments Trust were given 10 to 15 minutes each to provide a presentation summarizing the proposal they made in response to the City's RFP. At the conclusion of each presentation the Council asked various questions of each entity.

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Councilmember Maughan then inquired as to the members of City staff that made up the committee that reviewed the proposals received in response to the RFP. Mr. Bovero answered himself, Mayor Palmer, City Attorney Roberts, Finance Director Marshall, Public Works Director Whiteley, and Human Resources Specialist Shauna Greer. The Council ultimately concluded to take the issue under advisement before making a final determination regarding the awarding of a contract during the June 14, 2016 business meeting.

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Stoker Garden PRD Secondary Water Connections.

A staff memo from the Finance Director explained this item was added to the agenda for review at the request of Councilmembers Lisonbee and Anderson. City staff met with the property manager for Stoker Garden PRD because residents in the PRD had concerns about the amount that were paying on their secondary water bill. Stoker Garden PRD is unique because there are 66 total town homes in the development, but not every town home has a secondary water connection. There are a total of 8 – 2” secondary water connections in the HOA. Because we do not meter the water, our only way of charging for secondary water is based on line size. A 2” connection line is \$103.11. Since there are 8 lines, we charge the HOA \$824.88 each month. They pay the bill and charge each unit \$12.50 per month (824.88 / 66 units). The Council has been provided with a map of the area showing the connections and the memorandum I created to determine the amount the City should bill the HOA.

A secondary background memo regarding utility billing for the Stoker Gardens PRD explained Stoker Gardens is located at approximately 2050 South 1000 West in Syracuse. Stoker Gardens is a PRD development. It has a total of 66 units in the planned development. The individual units are billed for the secondary water through one common HOA utility account (Account #6.2.500.02). There are a total of 8 secondary water connections that service the area. All of the connections are 2 inch connections. Based on our consolidated fee schedule, each secondary water connection has a monthly service fee of \$103.11 per month. Upon the completion of the 66 units, the HOA will be billed a total monthly fee of \$824.88 per month (8 connections X \$103.11). During the construction and completion of the Stoker Gardens PRD development, the City will calculate a prorated charge based on the number of completed units to the total number of units. This prorated charge will be re-evaluated quarterly until the completion of the development. The City will round to the nearest full connection charge.

Calculation

As of March, 2016, all units are completed in the Stoker Garden development. Therefore, the total charge for the secondary water will be assessed as follows:

$$\frac{66 \text{ Completed Units}}{66 \text{ Total Units}} = 100\% \text{ Complete}$$

$$100\% \times 8 \text{ Connections} = 8 \text{ Connections}$$

$$8 \text{ Connections} \times \$103.11 = \$824.88 \text{ per month.}$$

The memo concluded secondary water charge will be \$824.88 per month and will be billed directly to the Stoker Garden's HOA utility account. This document was planned for reassessment in April 2016.

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Councilmember Lisonbee stated that she asked for this item to be included on the agenda; for every connection in the City through each development, water shares have been turned over to the City and the City must pay for the water shares every year while providing water service to a property. For instance, if a residential development is one acre and there are four connections to four homes, those four connections pay a certain amount. If the City is then providing service to Stoker Gardens, which may be a three acre development with multiple connections, but they are paying less than what is paid by the

four connections on the acre parcel, she wonders if the City is paying for its services through connection fees. She feels the issue needs to be examined and the Council should develop a policy that addresses connections for townhomes or other multi-family developments. The City must make sure it is covering the costs of water shares based on property size. Mr. Whiteley stated that the City is assessed a fee each year based upon the number of shares of secondary water the City owns as well as acreage. Stoker Gardens was assessed a fee for water connections for the entire six acres of property. Councilmember Lisonbee stated that each condominium in the development is paying a secondary water fee of \$12.50 per month, while each residential home pays approximately \$20 per month. Mr. Whiteley stated the fee paid for single family homes varies depending on connection size; three-quarter inch connections pay \$15.50 and one-inch connections pay just over \$21. Councilmember Lisonbee stated that regardless, condominiums are paying less per month than single family residential connections. The City has collected \$824 per month for connections at Stoker Gardens, but due to a request made by the HOA, the City is now considering collecting an amount that is significantly less than that.

Councilmember Anderson asked if the City is covering the cost of providing services. Mayor Palmer also asked how much of the area is permeable surface. Councilmember Lisonbee stated that should not matter because the City must consider whether the amount being charged covers the cost of the water share for which the City is assessed each year. Councilmember Maughan added that this is a critical issue because there may be similar developments proposed in the City in the near future and the City must develop a policy to determine how they should be assessed. Councilmember Lisonbee agreed. Mr. Bovero stated the current charge is not based on acreage or irrigable land; it is solely based on connection size. Most single family homes have a three-quarter inch line, which is adequate, and the line that was used in Stoker Gardens is actually oversized. The development does not need a two-inch line and they have decided to reduce the line size. They will not use any more or less water, but their costs would decrease based on line size. Councilmember Maughan stated a policy could address the connection size need for this type of development. The Council engaged in high level discussion regarding water needs and usage in multi-family developments, after which Councilmember Lisonbee inquired as to the cost each condominium unit would be charged if they were allowed to decrease their connection size to one-inch. Mr. Whiteley stated that the cost would be roughly half what is being charged now.

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Councilmember Gailey stated he performed rough math and determined that the entire Stoker Gardens development is paying 10 times the amount a typical single family home pays for water each month, but they are likely using much less water than a single family home. Councilmember Lisonbee stated that the City charges per connection and that is based upon current policy; to allow them to downsize or pay a different amount would be contrary to the policy. She stated she feels the City needs a policy that indicates how these types of situations will be addressed in the future. Councilmember Gailey stated that a precedent for this type of issue has been set in the past; at his dental office he originally had a two inch line, but he requested and received approval to downsize because he did not need the two-inch line.

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Mr. Whiteley stated that water usage rates are typically based upon a rate study and it may be wise for the City to commission a rate study to determine the amount that should be charged for higher density developments. The Council engaged in brief discussion regarding the option of conducting a rate study, with Councilmember Lisonbee noting that she would like to consider allowing residents to forego a connection to the City's secondary system in the event they plan to use xeriscaping options in their yard. She added she does not believe it is fair to reduce rates based on the amount of irrigable space a property may have regardless of their lot size. She stated she feels rates should strictly be based upon lot size and connection size. She concluded the City's secondary water rates are very low when compared to other entities. Councilmember Gailey stated he appreciates Councilmember Lisonbee raising this issue because it is important to be fair.

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Mayor Palmer indicated City Administration will consider the feedback provided by the Council regarding the issue and bring a proposal back at a future date.

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Syracuse Storm Water Management Program Update.

A staff memo from the Public Works Director explained Syracuse City has updated the Storm Water Management Plan (SWMP) in compliance with the Utah Pollutant Discharge Elimination System General Permit for discharges from small municipal separate storm sewer systems issued by the Utah Division of Water Quality. This general permit is issued in compliance with the provisions of the Utah Water Quality Act, Title 19, Chapter 5, UCA 2004 and the Federal Water Pollution Control Act (33 USC). Updates to the SWMP are required each time the general permit is reissued. This permit is effective March 1, 2016 and expires Feb 28, 2021 when the permit will again be renewed. Permittees that are renewing are

given 120 days after the effective date to submit an updated SWMP to the division. The main purpose of the SWMP is to provide a program that will improve the quality of storm water to the maximum extent practicable. These are achieved by setting measurable goals through six control measures. The control measures include the following:

- o Public education and outreach on storm water impacts
- o Public involvement / participation
- o Illicit discharge detection and elimination
- o Construction site storm water runoff control
- o Long-term storm water management in new development and redevelopment
- o Pollution prevention and good housekeeping for municipal operations

This 2016 SWMP is for city council's review in a work session. It will be scheduled on the city council agenda with a public hearing on June 14, 2016 with the anticipation that the council will pass a resolution to adopt the 2016 SWMP.

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Mr. Whiteley reviewed his staff memo and briefly reviewed the changes to the SWMP compared to the most recent SWMP adopted by the City.

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The Council briefly discussed the implications of the SWMP, after which Mr. Whiteley indicated that the intent of this agenda item is to introduce the document to the Council in preparation for the June 14 public hearing regarding the issue.

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Woodside Homes Partial Annexation Fee Waiver Request.

A staff memo from Community and Economic Development (CED) Director Mellor explained Woodside Homes is moving toward annexation of 211.75 ac into Syracuse and out of unincorporated Davis County.

Original Proposal – 211.75 ac

- Jensen Property – 189.14
- School property – 12
- Roads - 10.62

Staff asked the developer to annex additional ground to clean up the city boundary and to take advantage of the opportunity to acquire roads we already maintain.

Approximate Requested Additional – 23.12 ac

- UDOT – (15.26, 1.99, 1.48) – 18.73 ac
- LAYTON NINE LTD – 3.83 ac
- Roads - (Gentile) .56 ac

Annexation fees are assessed by the amount of acreage being annexed. The developer is asking to remove public land and the last private parcel we asked him to add from the fee assessment calculation. The total ground to be excluded from calculation is 48.74 acres. Waiving these fees would require the council's approval. The final discussion item is to assess the council's willingness to accept the annexation petition at the June council business meeting.

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CED Director Mellor reviewed his staff memo.

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The Council briefly discussed the request for a partial fee waiver, ultimately indicating they are comfortable waiving the portion of the fee associated with portion of property that the City requested be made a part of the Woodside annexation application.

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Recruitment and Retention Policy and Fiscal year 2016-2017 Compensation Plan.

A staff memo from the City Manager explained the Recruitment and Retention policy, along with the Compensation plan describes to the public the standards that Syracuse City will use in determining compensation for its employees. These items are to be solidified and adopted by the Council in conjunction with the annual budget. The Benchmark Cities are to be

reviewed and updated from time to time. The Benchmark Cities represent the market in which the City competes for labor. It also serves as guide to indicate what the market conditions are for wages and salaries. For each position, the City draws data from the Location-Based Benchmark Cities. If less than 10 cities do not have data on that position, the City draws data from the Alternate Benchmark Cities, in order from top to bottom, until at least 10 Cities are listed for comparison.

Benchmark Cities

Location-Based Market	Population	FTEs
BOUNTIFUL, UT	42,552	166
CENTERVILLE, UT	16,667	60
CLEARFIELD, UT	29,002	181
CLINTON, UT	22,879	56
FARMINGTON, UT	17,000	51
KAYSVILLE, UT	28,000	83
LAYTON, UT	68,000	285
NORTH DAVIS FIRE DISTRICT, UT	32,000	21
NORTH OGDEN, UT	18,000	56
NORTH SALT LAKE, UT	16,700	62
NORTH VIEW FIRE DISTRICT, UT	31,501	16
RIVERDALE, UT	8,900	85
ROY, UT	35,000	144
SOUTH DAVIS METRO FIRE AGENCY, UT	80,000	55
SOUTH OGDEN, UT	16,532	68
SYRACUSE, UT	24,331	70
WASHINGTON TERRACE, UT	9,599	30
WEBER FIRE DISTRICT, UT	44,000	73
WEST POINT CITY, UT	10,000	15
WOODS CROSS, UT	7,600	24

Alternate Benchmark Cities	Population	FTEs
HERRIMAN, UT	25,000	70
AMERICAN FORK, UT	27,813	136
MIDVALE, UT	30,000	72
PAYSON, UT	19,500	108
PLEASANT GROVE, UT	35,000	104
COTTONWOOD HEIGHTS, UT	36,000	67
EAGLE MOUNTAIN, UT	23,000	80
SARATOGA SPRINGS, UT	20,000	53
SPRINGVILLE, UT	26,000	211

HOLLADAY, UT	25,673	15
RIVERTON, UT	41,900	93
BRIGHAM CITY, UT	18,279	163
TOOELE, UT	33,000	175

The current policy indicates the City will set wages and salaries between the 60th and 70th percentile of the market. In the Compensation Plan, the current proposal is to cap merit increases at 2.3%. The Council may want to consider listing both a maximum increase, and a total budgeted amount (percentage) of payroll available for merit increases. The administration seeks direction from the Council on the review of these items and any changes proposed.

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Mr. Bovero reviewed his staff memo.

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Councilmember Maughan addressed the compensation plan; he feels the budget review process has exposed a fundamental challenge and that is that the City is trying to address retention, compensation, merit increases, and compression and it is too much to tackle in one year. He feels as though the City is addressing pay on the basis of shopping at a discount store that allows 'coupon stacking' to the point that someone may be getting a significant increase that the City cannot afford. He indicated he feels the City needs to take a page from professional sports, which is the idea of a salary cap. There is a point where the City only have so much money and there should be a cap in the budget on the amount of money dedicated to employee wages, whether it is a fixed amount or a percentage. He indicated the Council owes it to residents to say the City will not cut services because it was necessary to give all employees raises. The Council then engaged in a discussion about the practice of benchmarking and how benchmarking is conducted in Syracuse City and other government entities, with Councilmember Anderson stating that she feels it would be more appropriate for the City to establish a policy to determine salaries instead of benchmarking against other cities with no knowledge of the practices they use to determine their salaries. Mr. Bovero noted that the purpose of a compensation plan is to set a standard for acquiring and retaining the best employees; if the City has the best employees it will have the best run government in the area. Councilmember Anderson stated she feels it should be possible to develop an algorithm that contemplates benchmarking and wage compression so that the City is not conducting two different processes to address different issues.

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Councilmember Lisonbee likened the current process to trying to hit a nail with three hammers; the nail is so far into the wood that it cannot be found again; it is necessary to extract the nail and look at it and ask if the target is being met. The benchmark compares apples to oranges and the City needs something that compares apples to apples. She indicated she and Councilmember Bolduc spent hours conferring with other cities, directly comparing employee to employee relative to how long they have been employed, their education status, and how many people they supervise, and they found that as a City, Syracuse is already competitive without the benchmark adjustments on most positions. There are a few, and excluding the police department because of wage wars, but there are a few that need an adjustment according to their analysis. In talking to Clearfield City they found they have hired an outside company to perform an apples to apples comparison for each employee using a special algorithm. She then noted she is the only member of the current Council that voted for the recruitment and retention plan and she is willing to say that the Council overshot; the plan takes the City somewhere that the Council probably does not want to go: being the top paying city in Davis County or Utah. She indicated that she values City employees, but it is necessary to acknowledge that past Administrations have created a sort of victim mentality among some City employees and there is a feeling that they are not being paid what they are worth. The Council needs to value a good working environment and fair compensation for employees and she feels that every 10 years the City should conduct a \$40,000 consultation to compare apples to apples and somehow, in policy, rely upon that for 10 years by renewing five years later a study of how the City is comparing to other cities. This would translate to \$4,000 a year well spent, which is less than the amount of staff time spent on this issue this year. Councilmember Maughan disagreed with the idea of hiring a consultant for this issue given that over the last several years the City has paid consultants to perform certain studies and a majority of the studies have not been considered. Councilmember Anderson agreed. Councilmember Lisonbee suggested that the City wait to see the results of Clearfield's study to determine if it may be the best direction for Syracuse to go.

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Councilmember Maughan stated he feels the Council need to examine the issue further; there are some simple policies that are completely overlooked in the City's evaluation process and something is missing. He indicated one thing that is obvious to him is that each employee should only be entitled to one raise per year rather than stacking five different raises so their raise is massive to the point that the City could have hired an additional employee. He stated he is not opposed to

giving raises, but he feels it is offensive that in government, employees expect an annual increase when the private sector can go 10 years without an increase. Most Syracuse City citizens get no raises year after year and if they want a higher wage they have to earn a higher position or better job; to assume every government employee gets a raise and some of them are very substantial, each year, is offensive. He feels an attitude change is needed and one of the things that is a glaring problem in the budget are raises for some of the City's top employees who are paid higher than any other person in their position in all benchmark cities. He wondered how the Council can justify a raise for an employee if they are already the highest paid at their position across the board.

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Discussion reentered on the manner in which the City develops the wage scale for employees as well as the development of an internal policy that addresses compensation and retention issues, with Councilmembers Bolduc and Lisonbee indicating that according to the independent analysis they have completed, they found that the City's wages are currently competitive for most positions. There are some positions for which that is not true, but the common theme is that most employees are currently earning competitive wages. Councilmember Lisonbee stated that if the City is already competitive and is able to retain most employees, it may only be necessary to address outliers at this point in time and that differs from the policy that has been proposed.

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Mr. Bovero explained the wage compression adjustment is intended to be a one-time adjustment to correct the problems that have occurred in the City over the past several years when previous Councils and Administrations were not tracking with market wages. The 2.3 percent merit increase is independent of the compression increase and is intended to allow employees to move through their wage scale. Councilmember Lisonbee stated that according to her research the City is currently competitive even without the benchmark adjustment. One benchmark city may be extremely high for a given position, but that could be based on tenure or the number of employees the person in the other city may be supervising. She added that there may be some veteran employees that truly do have compression issues and that can be addressed on an individual basis, but at this point the three issues have been convoluted to the point that it is not possible to address all three with the policies currently in place. Councilmember Maughan added the clear compression issues are those where there may be a veteran employee and a new employee in the same position and being paid the same; those are issues worth addressing, but they are hardly present in the City. He noted that the wage increases that are being proposed are almost entirely affecting only the senior members of our staff and he struggles to find compression issues for employees who are the only person in their position in the City. He stated adjustments need to be made to ensure fairness; the City has some of the highest paid people working in their positions and he is frustrated that so many of the conversations that have taken place regarding wages have been on the basis that the City does not take care of its employees. He stated there are employees in lower positions who may be underpaid, yet the proposal in front of the Council is to take care of many senior staff members who are already the highest paid in their position.

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Councilmember Bolduc proposed adjusting the policy to alternate between merit increases and bonuses each year, which reduces the ongoing costs associated with annual merit increases. Discussion of this proposal ensued, with a focus on including steps within each wage scale and limiting the total percentage that would be allowed to raises on an annual basis. Mr. Bovero noted an important distinction to make is that between the wage scale and the actual market rate some people are being paid. There are situations where a City employee may have one of the higher wages in their list of benchmark cities, but that salary is not above the 60th percentile of the wage scale. He stated the only data the City does not currently have is relative to the tenure of employees in other cities, their education background, and the number of people they supervise. Councilmember Maughan stated that regardless, if an employee gets to a point where they are the highest paid at their position in the County, it is important to ask the question how that employee would ever leave the City and how foolish the City would be for continuing to give them raises after they are the highest paid person in their job. He stated at some point the City must recognize that a cap is needed and certain employees should not make more than a certain dollar amount. Mr. Bovero stated he understands that, but in that situation where an employee may be the highest paid, that means that their counterparts in other cities have the potential of making even more because City employees cannot be compensated above the 60th percentile. He stated the wage scale does cap salaries; an employee cannot be paid beyond the maximum salary in their respective wage scale.

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Councilmember Lisonbee stated that the problem is that the City does not know the compensation policies used on other cities that are being used as benchmark cities. This led to continued discussion regarding developing a policy in Syracuse City relative to wage establishment, with Mr. Bovero noting that one thing he believes is that it is necessary to

make a decision and chart a course for the future of the City and stick with that decision so that employees understand the direction in which the City is moving. Councilmember Anderson stated she feels the Council owes that to the employees. Councilmember Lisonbee agreed, but noted she does not feel that the Council needs to create a policy before adoption of the budget on June 14. She stated she feels the Council can leave a placeholder in the budget for addressing compensation issues, but work to develop a policy allocation of that funding in the coming weeks and months.

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Councilmember Maughan stated that he understands that there is heavy competition for quality public safety employees and it is necessary for the City to move quickly to address compensation issues for those employees in order to retain them; however, he does not want to adopt a policy that must be applied across the board and to departments that do not have similar issues. Mr. Bovero stated the benchmark study will identify which areas of the City are competitive and which are not. Each position in the City is evaluated in its own market when conducting a benchmark study. Councilmember Lisonbee stated that the City's current policy does not provide a global perspective and it may be appropriate to implement a tier system for the types of employees the City employs. There are some individual situations that need to be addressed in the policy.

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After continued discussion regarding the process for working to develop a policy or amend the current policy, the Council concluded to leave a placeholder in the budget for addressing compensation issues and then work to develop policy over the coming weeks and months. Mayor Palmer added that he feels that it would be appropriate to proceed with the 2.3 percent merit increases on July 1 as those increases have been earned by employees based upon employee evaluations. Councilmember Maughan stated that would argue that the increases have been earned. Councilmember Anderson stated that they have been earned based on the policy that merit increases are directly related to performance appraisals conducted by an employee's supervisor. Councilmember Maughan stated there are some employees that may be exceeding the maximum pay in their wage scale if they were to receive an increase. Mr. Bovero clarified that an employee that has reached the top of their pay scale is not eligible for a merit increase. Councilmember Maughan stated there are still people getting increases that would push them above the maximum pay of their scale. Mr. Bovero stated that would not be the case and employees at their maximum pay will not receive a merit increase. After brief continued discussion the Council concluded to leave funding in the budget for merit increases, but not to proceed with benchmark and compression increases at this time.

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Utility Rate and Cost Allocation Policy.

A staff memo from the City Manager explained 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 May 24th. 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.

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Mr. Bovero reviewed his staff memo as well as the draft policy that he has created in response to past discussions of the City Council.

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Council discussion of the proposed policy ensued; Councilmember Lisonbee requested that the section of the policy dealing with depreciation costs be more detailed in nature. She would like to determine how often the City will evaluate the cost of replacement for current infrastructure and have that cost spread over a 50 to 60 year time period. She believes depreciation should reflect that calculation and that reflection should be included in each fund. Councilmember Maughan stated that he feels an evaluation of replacement costs and infrastructure needs should be undertaken at least every five years.

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Councilmember Gailey asked if he is interpreting the policy correctly to mean that depreciation costs will be calculated using all three methods listed in the proposed policy. Mr. Bovero answered no and indicated depreciation costs are only addressed in the last section of the policy, which indicates the City will consider historical cost of actual infrastructure, the expected life of that facility, and amortization over a certain period. Councilmember Lisonbee stated that historical costs do not reflect actual costs. Mr. Bovero agreed and stated there are two things at play: one is depreciation cost, which does not change because it is based on the actual cost to put infrastructure in the ground after amortization over a 50 or 60 year period. That must be reflected in the budget and while it is used to fund projects, it is not the basis for determining future costs. In

addition to depreciation, it is wise to consider five year replacement needs to determine the total price tag of a project. Councilmember Lisonbee stated she would like to have that number calculated over the entire life of the infrastructure as well; for instance, the City just replaced a certain number of miles of roads and she would like to determine how much money the City needs to spend over the next 60 years to keep up with depreciation of those roads. Councilmember Gailey stated that in an enterprise fund, depreciation is an expense the City will pass on to the residents so that as the infrastructure wears out and needs replacement, the revenue stream is built in to replace it. General discussion continued, with Councilmember Lisonbee suggesting that in addition to depreciation, the City identify a separate number that will cover future replacement costs or capital projects. Mr. Bovero stated that the question is how to set rates to cover depreciation and capital needs over at least the next five years given that the City has a five year capital plan. He stated that based on current depreciation and five year capital costs, the City would need to increase utility rates \$10 to \$11 per month – or a 14 percent increase – to fully fund both. Discussion continued with a focus on costs that are included in the depreciation calculation; Councilmember Lisonbee stated she would like for depreciation to cover 100 percent of direct costs and a certain percentage of indirect costs. Councilmembers Bolduc and Gailey agreed. Mr. Bovero stated he will take the feedback provided by the Council to adjust the draft policy before bringing it back to the Council for consideration.

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Syracuse City Fund Balance Policy.

A staff memo from the City Manager explained the City last completed a comprehensive review of the fund balance policy in May 2014. The purpose of this policy is to establish a target level of fund balance for the general fund and to establish a process and criteria for the continued evaluation of that target level as conditions warrant. This policy shall also establish a process for reaching and or maintaining the targeted level of fund balance and the priority for the use of resources in excess of the target. The GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months (16.7%) of regular general fund operating revenues or regular general fund operating expenditures. Utah Code 10-6-116 requires that the fund balance be between 5% and 25%. Finance Director Stephen Marshall is recommending some changes to the policy. A red line edit and a clean copy of the policy is attached for your review. The two biggest recommended changes to the policy are:

- The definition of unrestricted fund balance is updated to include the committed, assigned, and unassigned fund balance categories. Previously, our policy was only based upon the unassigned fund balance.
- A change in the law now allows us to consider fund balance as a function of the current year revenues in the general fund instead of as a function of the budgeted revenues of the next year's budget. For example, under the old law, our fund balance for FY2016 would have to be divided by the FY2017 budget revenues in calculating the percent. The law change in 2015 to allow the fund balance to be calculated by dividing FY2016 fund balance by FY2016 final revenues in the general fund.

The memo indicated City Manager Brody Bovero is recommending that the Council consider a temporary increase to the minimum fund balance from 16.7% to 20% of annual revenue. This would add an estimated additional \$360,000 to the fund balance. The recommendation is to maintain at least 20% through the end of fiscal year 2019. The following is a list of reasons supporting this recommendation:

- The City is proposing to address staffing level issues, wage compression issues, and benchmark adjustments. No additional tax revenue enhancement measures have been proposed to cover the costs. The City, however, has a reasonable expectation of growth in revenue due to the City's rapid population growth and new development. Reserving the extra funds will act as a safety net in the event that projected revenues do not adequately cover the additional costs through the next three years.
- Historical analysis shows that economic expansions are cyclically followed by recessions. In the US and in Utah, the economy has been in an expansion mode for several years. While most indicators suggest a continuing expansion, the probability of a recession is higher in the next three years than in the previous three years. The added fund balance will protect against a recession, which could significantly impact the City's sales tax revenues.
- Credit rating agencies take notice when a City dips below its declared minimum fund balance. The City's credit rating is an important factor in saving the taxpayers' money by minimizing interest payments on debt. Staying above the 16.7% shows the rating agencies that Syracuse City's finances are managed wisely. This will support better ratings for the City.

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Mr. Bovero reviewed his staff memo.

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The Council engaged in high level discussion regarding the policy and the Council directed staff to change working of the policy by replacing the word “unassigned” to “unrestricted”. Mr. Bovero then noted that when drafting his memo regarding this policy he made the assumption that money would be budgeted for wage compression and benchmark adjustments; he believes the City has the means to cover those expenses over the next several years, but in doing so he wanted to take advantage of the City’s fund balance and create an insurance policy in the case of a revenue shortfall or recession. He was proposing that for the next three years the fund balance minimum be moved to 20 percent, which equals an additional \$360,000 to provide a cushion to cover a revenue shortfall. This led to discussion regarding the current policy and Councilmember Lisonbee stated that if the current minimum of 16.7 percent is increased to 20 percent, it will also be necessary to increase the 20 percent threshold higher. Mr. Bovero stated that the current policy does not specify what is supposed to happen when the City’s fund balance falls between 16.7 and 20 percent of the budget. Councilmember Lisonbee stated that it should because she distinctly remembers a discussion about the fact that 16.7 is the lowest the fund balance should be allowed to drop unless there is an emergency, but that the fund balance should be maintained at around 20 to 21 percent. Mr. Bovero stated that may have been discussed, but the way it is addressed in the policy is that when the actual balance is above 16.7 percent, City Administration will propose what to do with the extra amount for Council consideration. Councilmember Lisonbee stated the Council reached consensus to keep the fund balance around 20 to 21 percent. Mr. Bovero stated there should be a hard and fast minimum percentage. City Attorney Roberts stated that is possible to craft language to indicate a hard and fast minimum as well as loftier goals for the fund balance. Mr. Bovero added that he thinks it would be wise to include information about the purpose of the money that exists between the 16.7 and 20 percent points. Councilmember Lisonbee agreed; dipping below 16.7 percent should only be allowed in emergency situations and the amount between 16.7 and 20 percent could be considered for funding of services that are non-emergency in nature but that are necessary.

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Discussion of Tentative Fiscal Year 2016-2017 Budget.

A staff memo from the City Manager explained this item is an open discussion for the City Council to discuss any further changes to the tentative budget. Administration has four additional budget items that need to be considered in the FY2017 budget. They are:

- The Animal Control contract with the county is still being negotiated and will most likely change to a 50/50 expense split. The total projected cost to the City with this change would be \$59,012. We currently have \$54,755 in the tentative budget proposal. We will need to add an additional \$4,257 in expense to the animal control budget.
- Our building inspector II quit and we need to replace him. Brigham is requesting the ability to hire a new building inspector II up to the midpoint if needed. Currently, the rate of pay for this position in the budget is \$18.92. The midpoint for a building inspector II is 22.70. The net increase in salaries and benefits for this position would be approximately \$9,900.
- We would recommend that 20,000 be added for contract services to mow all parcels related to subdivision entrances, mow lawns at city office buildings, and the library. This would be split 1/3 (\$6,700) to general fund and 2/3 (13,300) to the park maintenance fund.
- We recommend adding \$75,000 to the transportation impact fee fund for an environmental study for the gentile and bluff street improvement project. This project is funded by the Wasatch front regional grant and will take place in 2021. If we do the environmental study now, there is a good chance that project will be pushed up and completed sooner.

This would be a total increase in cost to the general fund of \$20,857. We currently have a surplus budgeted of \$48,892. This would change to a surplus of \$28,035 if the items above were added to the budget. The parks maintenance budget would increase \$13,300 budget we recommend using the line item in 17-40-30 titled miscellaneous park improvements to pay for this item. The transportation impact fee fund expense would increase \$75,000. We have money in the fund to pay for this study if the council desires to go ahead with it. The tentative budget is uploaded on the website at <http://syracuseut.com/Departments/CityAdministration/Finance.aspx>.

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Mr. Bovero reviewed the staff memo.

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Council discussion of the budget amendments ensued. There was a focus on the \$20,000 cost associated with contracting out landscape maintenance of small parcels throughout the City. The Council suggested deeding small parcels to adjacent property owners and staff indicated they will research information regarding the parcels and come back to the Council for approval of disposal of surplus properties before proceeding with discussions with neighboring property owners. The Council indicated they will leave the \$20,000 placeholder in the budget for maintenance of the property until it is possible to dispose of the property.

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Councilmember Maughan then discussed items that he understood were being removed from the budget or otherwise adjusted, but Mr. Bovero has informed him that there was not Council consensus regarding the items. These included funding support for the Syracuse Arts Council, support of the Miss Syracuse Pageant, and funding for attendance at the Davis County Gala. Consensus was reached to offer a defined amount of funding or support to the Arts Council and Pageant, remove the funding for attendance at the Gala. Councilmember Maughan then indicated each budget includes a line item for wage compression/benchmark adjustment and he needs to understand if that money will be spent. Mr. Bovero stated the answer is no based on the earlier conversation in tonight's meeting; the Council could choose to leave the money in the budget as a placeholder, but not be spent until Council concerns regarding the policy are addressed or a new policy is determined. Councilmember Maughan stated that during the last meeting the Council contested increases in budget 10-44, but they are still in the budget. He expressed concern that an increase given to the Finance Director would cause him to receive a higher salary than the City Manager and he is not comfortable with that. Mr. Bovero stated that assuming that merit increases as budgeted are applied, that would not happen. Councilmember Maughan stated that it is happening and he is uncomfortable and he believes the salary is already high. Mr. Bovero stated that the number includes a career development increase according to City policy. He will discuss that issue with Finance Director Marshall; he is working to achieve his Certified Public Finance Officer (CPFO) designation from the GFOA and that qualifies him for a career advancement increase. Councilmember Maughan stated this goes to the point where a position has reached maximum dollars, yet the City continues to add on. He stated he has looked at the history of increases for this position for the past five years and he is uncomfortable that it keeps growing at this rate. Mr. Bovero stated that Mr. Marshall has indicated he is comfortable with the removal of the career advancement increase, but Mr. Bovero is not comfortable doing that since other employees are eligible for a career advancement increase. Councilmember Maughan stated he understands, but noted there are similar problems across the board. He has a problem with the City Attorney receiving an increase though he has been employed with the City for less than a year. Mr. Bovero stated that Mr. Roberts is not eligible for a merit increase. Discussion centered briefly upon the career advancement program, with Councilmember Lisonbee indicating she is comfortable reimbursing those employees that have relied upon the policy for expenses they have incurred. Councilmember Maughan stated that it is not a tuition reimbursement and, instead, it is a salary increase. Councilmember Lisonbee stated she did not realize it was a salary increase. Councilmember Maughan continued discussing his concerns regarding wage increases in budget 10-44 and indicated that according to the data he has been provided, the City Recorder is the highest paid City Recorder in Davis County and he has a hard time approving an increase for someone that is already the highest paid. City Recorder Brown indicated that is not accurate and asked Mr. Bovero to clarify the data. Councilmember Maughan stated he is simply relying on the information provided to him; for any position in the City, once someone becomes the highest paid in all of Davis County he has a hard time giving them another raise. If anyone has a problem with that, he is sorry, but he will not vote for another raise. Mayor Palmer stated that the 2.3 percent merit increases have previously been discussed by the Council and those increases have been earned by City employees based upon current policy. Councilmember Maughan stated he is talking about career development, not merit increases and the Finance Director, City Attorney, and City Recorder are scheduled to receive career development increases next year. Discussion regarding the implications of the career development policy continued, with Councilmember Lisonbee stating she is not opposed to reimbursing someone for money they have spent for career development, but she is willing to say that it may be necessary to reevaluate the ongoing remuneration of salary for career development. Mr. Bovero stated the Council can choose to reconsider the policy, but there are still employees that have relied upon the policy with the expectation that they would receive salary increases once certain certifications are received. Councilmember Maughan stated that he is concerned about increases for top paid employees because their salaries are being pushed to a realm that is concerning. Mr. Bovero clarified that those employees are still paid at the 60th percentile. Councilmember Maughan stated he would contest that. Councilmember Lisonbee stated that perhaps the career development policy is encouraging a behavior that should not be encouraged because it is not possible to fund the results. Mr. Bovero stated that City Administration has approved education programs that are specific to each individual position and employees are not allowed to get random certifications and become eligible for wage increases. He then readdressed the comment made regarding the City Recorder's salary and stated it appears Councilmember Maughan is looking at old data for the position; the City Recorder is currently not the highest paid City Recorder in Davis County. There are only two Davis County cities in

the City Recorder's benchmark group, but compared to all 10 benchmark cities, the City Recorder's current salary is fifth from the top. Councilmember Lisonbee stated the Council is responsible to set policy and adopt a budget for the City and they must be responsible in carrying out those duties; the Council appreciates the employees and what they do for the City, but they must carry out their duties. Councilmember Maughan agreed and stated that the Council is dealing with the funds and finances of 28,000 people and they must be respectful of them. The Council must put this issue in perspective when considering the City as a whole. Councilmember Anderson stated that at this point the Council must move forward with deciding what to approve in the budget; she feels as though the Council is again talking about items that were already decided upon earlier in the meeting. Councilmember Gailey agreed and stated that the Council decided to include a placeholder in the budget for compensation issues. Councilmember Lisonbee stated that she is comfortable moving forward with the 2.3 percent merit increases and reimbursement for education expenses incurred, but all other compensation amounts should be left in the budget as placeholders only. Councilmembers Anderson and Gailey agreed and Councilmember Anderson suggested the Council proceed. Councilmember Maughan stated that he has additional concerns regarding salaries; he cannot vote to support the budget until those concerns are addressed. Councilmember Lisonbee asked if the concerns are relating to the 2.3 percent merit increases. Councilmember Maughan stated most of his concerns are related to career development increases. Mr. Bovero stated those increase can be set aside if the Council is only approving a placeholder. It is possible for staff to include language in the resolution to adopt the budget to indicate that staff cannot proceed with additional increases until voted upon in a public meeting.

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Discussion regarding potential amendments to Title Two of the Syracuse City Code.

A staff memo from the City Attorney explained the following documents have been drafted in response to our initial discussions on this matter in February:

- Creation of 2.45 – Appointment Procedures – These either establish or clarify procedures related to appointments, including appointment of replacement councilmembers in case of vacancy.
- Additional sections in Title 2 related to Youth Court, Youth City Council, Volunteer Coordinators, and Liaisons – These sections generate code to match existing practices in the city.
- Local District Appointment Amendments
 - o Two alternative versions have been generated – one in which the Council would have the authority to appoint the Local District Board members, and including the Mayor in the voting; and the other which reinforces the Mayor's authority to make these appointments with the Council's advice and consent.
 - o Current code provides that the Mayor may make appointments to boards, with the Council's advice and consent. As such, any ordinance which removes this authority from him will require his participation as a voting member.

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Mr. Roberts reviewed his staff memo. He made the distinction between the two alternative versions that have been drafted.

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The Council engaged in brief discussion regarding various sections of Title Two, with a focus on issues such as removal of the City Manager, filling board vacancies, and the appointment process for local district boards. For issues where there appeared to be a conflict between the City Code and Utah Code regarding forms of government, Mr. Roberts indicated he will review all code references and reconcile any issues before presenting a final document to the Council at a future meeting.

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Councilmember Lisonbee indicated she and Councilmember Anderson brought a version to the table and she supports that option, which is the first option. She stated she does not want to spend too much time debating the issue until it is included on an agenda for adoption as she feels the issue has been thoroughly discussed to this point.

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Mayor Palmer stated he wants to make sure that everyone understands that the option that has been recommended by the Council will result in a removal of his powers. He has spoken with Councilmembers who do not agree that is the case, but that is incorrect. He then read the following written statement to summarize his feelings about the issue:

"I must be very clear here – this is a removal of power given to the Mayor by way of ordinance.

1. On page 5 of our Attorney Memorandum: Section I part D states: "City Code bestows upon the Mayor the power to appoint, with advice and consent of the Council, board members."
2. On page 6 of our Attorney Memorandum: Section III states: "An ordinance removing the power to appoint board members from the mayor is not subject to the provisions of section 10-3b-303(2), but the mayor must be permitted to participate in the vote." This allows you as council to remove this authority on these two local boards with a simple majority vote with the mayor voting.
3. On page 7, Section II, Part A says the power to have the council nominate is not currently found in code, therefore; a new ordinance has to be created with wording to allow the council to gain advice from themselves; nominate and appoint and then give themselves consent.
4. On page 8, Section II, Part A says: "the decision to remove a previously bestowed power outside those listed in section - 104." This gives the council the power to remove with a simple majority with the mayor participating.
5. I place this information because some of you think that this power was never in the court of the mayor. Our attorney, Paul Roberts, Dave Church with ULCT, Gary Crane with Layton City, Clint Drake, former Syracuse Attorney and Dustin Palmer former Senior Council with the Department of Treasury, all have verified that this is true.

Now to the question of whether this power was never supposed to be with the mayor and should have been placed in the hands of the council members, excluding the mayor.

1. I discussed this with Dave Church and he emphatically agreed with Paul Roberts determination that the power is with the mayor, until removed.
2. I discussed this with Clint Drake and he agreed with the assessment.
3. With my discussion with both of these attorneys, the fact that all cities in Utah have placed this authority in the hands of the mayor is indication of the intent of the state code. I chose not to talk with Paul on this issue because I know that he cannot take sides.

Now comes the question. Should the council change this? What repercussions come from this change?

1. The US Constitution gives the President of the United States the power to appoint, judges, cabinet members and other executive officers with the advice and consent of the legislative body. This is one of those beautiful inspired balances of powers created by our Founding Fathers.
2. A precondition for a state to enter into the union is a Constitution. The state had to have their own Constitutions written and accepted by Congress. The governor is given the power to appoint department heads, judges, board members, etc. with the advice and consent of the legislature. It's working. I am sure it is uncomfortable at times, just like it is in appointing judges to the Supreme Court. It was meant to be challenging. The purpose is to keep one part of government from becoming too powerful. I hope you as council members understand that.
3. How interesting it is that even the local governments also parallel's the federal with the separation of powers and a check on those powers. It works there also. The knee jerk reaction is to change the powers if you don't always get your way. Patience here is a virtue. Allow the process of government to work.
4. Problems happen when one area of government becomes more powerful by way of stealing powers from another part of the government. Today we see that at the federal level where the Judicial has been making laws by the votes made and the majority opinions have become accepted in our courts of law. Our executive has learned over time that they can just make department mandates that become laws and bypasses the legislature. Even executive orders and actions have taken over.
5. How has this happened? I takes one section of government that takes an illegal action and if not challenged then more illegal actions are taken (the camel is able to put his head inside the tent). We have seen this going on for years in the federal government.
6. This actually has happened here also. I will have to admit that I have been pretty naive in my position. To begin with when this action came up on the North Davis Sewer Board and I was told by Karianne that It was ok to have a motion for someone. She then made the motion. The camel just put his nose into the tent. At some point in time if not stopped the camel gets totally in the tent and boots us out. That is where we are federally and certainly with this action herel we will be moving in that direction.
7. Just one last item. By making this change and removing a power from the mayor and making a new power for the council, what we have is advice in the beginning by the council (I like that). Then we have the

appointment made by the council and finally we have consent by the council. That is not the way that government should run. That leads to corruption.

8. It is your choice. I am reconciled with the fact that it is in your power. That is the way it should be. I have never challenged that, nor will I."

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Councilmember Lisonbee stated she feels there have been some wide assertions stated and she wants to answer to a few of them. This proposal is not hers; rather, it is the language that was developed by the sub-committee. Mayor Palmer stated he did not agree with that language. Councilmember Lisonbee stated Mayor Palmer was not part of the sub-committee, though he attended their meetings. This is a result of the sub-committee. Secondly, the attorney for the Association of Special Districts gave an opinion that supported the assertion she has made; this is about a taxpayer entity and not about advice by the Council, appointment by the Council, and consent by the Council and, rather, the Mayor is included in the process as a voting member and he forgot to mention that though it is an important distinction.

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Mayor Palmer stated that he personally did not know that someone has advised that an appointment can get to the Council without involvement by the Mayor; however, five attorneys have said that the intent of the language in State Code is clear and that is the reason all other cities are handling appointments in the manner that Syracuse has done previously. Councilmember Lisonbee stated that interesting enough is that the attorney she referenced actually wrote the code.

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Councilmember Maughan stated that what is lost in this is that the word council means the body is going to agree by discussion and reaching some kind of consensus. He stated he feels what is being fought over is who gets to go first; if consent of the Council is still present, then any three members of the Council can change their position no matter the opinion of the Mayor. He stated he thinks the best idea is for the body to come together and ask what best serves the people and that is a step that was missing in the past. Mayor Palmer stated that is advice. Councilmember Maughan stated in the past several times that appointments to special districts have taken place, that step was overlooked and it was more about someone setting a course and the Council taking action to stop it in order to alter the course. He stated that the reason this is a touchy subject is that the council portion was missing.

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City Council meeting schedule/format.

An Administrative staff memo explained during the May 10 Syracuse City Council work session, several Councilmembers expressed concerns regarding the effectiveness of the current City Council meeting schedule and requested an opportunity to discuss their concerns further.

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Councilmember Maughan stated he feels time is wasted by holding a work session prior to business meetings on the second Tuesday of the month; he proposed eliminating that meeting and simply beginning the business meeting at 6:00 p.m. The Council engaged in discussion regarding the proposal, ultimately agreeing to eliminate the work session on the second Tuesday of the month and hold a business meeting that begins at 6:00 p.m. They also agreed to maintain the extended work session on the fourth Tuesday of the month with the option of calling special business meetings to respond to pressing issues.

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Public comments

TJ Jensen, referenced the discussion regarding potential changes to title two of the City Code and explained the reason there may still be references to a City Administrator in the title is because that was the title assigned to the position prior to 2007. When the title was changed to City Manager, there may have been a few of the old references that were missed. He then discussed the option of disposing of miscellaneous parcels of land throughout the City and suggested one option may be to confer with those that own property directly adjacent to the parcels and offer them a credit or discount on their monthly utility bill if they are willing to maintain the parcels.

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Police Chief Atkin addressed the Council regarding the discussions that took place this evening regarding employee compensation issues. He stated that he appreciates the budget process the Council followed this year, it was a great process. He apologized for speaking in generalities because the final benchmark data for his Department has not been provided to him and he is now aware of the information the Council has in front of them. He stated the raise or wage that was intended for

him is not worth the loss of employees in his Department because they make his life much easier. If his wage is in the way of them getting an increase, he has no problem foregoing it. He hears concerns of employees primarily based on the constant shifting of policies; it is very dangerous. When he began his employment with the City, City employees had not received raises for several years; soon after the Council allotted \$150,000 for raises and the Council felt the manner in which that funding was distributed was not effective. The Council then enacted a policy saying that employees would be paid within the 60th to 70th percentile for their position based on the median for similar positions in other cities. The Council also enacted a merit policy where 2.8 percent of budgets was set aside for merit increases and under that exceptional employees could get more than 2.8 percent and average employees would get less. The Council also enacted a promotion and advancement policy and a career development policy to provide for those employees with no direct advancement opportunities to get raises for improving skills. Now all of those policies are being questioned. All employees have been made aware of these policies in employee meetings and department policies have been enacted based upon the policies. The employees were given information about the policies to get them to buy-in to what is going on in the City and to give them some indication that the City is moving in the right direction after several years of inability to provide wage increases. Again, all of that is being questioned and now the Council is considering deciding policy based upon predetermined ideas and that is a dangerous spot for the City to be in. The lack of perceived stability could crush morale and result in decisions made by employees out of frustration and fear. In Council meetings the fact that the City has a very high median salary and low property taxes has been championed and that it is a desirable bedroom community where people want to live. All of those things are true and all of them are admirable, but living here does require some understanding that absent a commercial district – which residents have said they do not want – a greater burden must fall on the taxpayers to fund a consistently growing City. Letting go of qualified, dedicated, well-trained employees for a few dollars an hour does result in a reduction in service for our residents and a loss of productivity. It also results in unnecessary expenditure of money to hire, perform background checks, and train new employees. All the money invested in training new employees is lost when an employee leaves the City; the same is true for institutional knowledge that employee may have. He stated that Police Officers have conducted some of their own outreach to departments in other cities to gain a clearer understanding of their pay system and they have found employees that are being paid outside of the wage scale; that will not show up in benchmarking and there will always be anomalies in such comparisons that need to be addressed on an individual basis. Absent a policy employees can believe in and that competes with other cities, the City will be in a spot where employees can see where they want to be and they will believe that the only way to get there will be to go out and get another job offer in order to come back to the Council and ask for more money to stay. He stated maybe such a policy will help the City get rid of some ‘dead wood’ or average employees, but in many cases it is excellent employees that are looking for jobs elsewhere; they typically come back and say they want to stay, but someone else may be telling them they are worth more. Sometimes the Council may agree and increase that employee’s compensation, but the bottom line is that the employee was made to go through that and even though they may get more money they do not truly feel they are appreciated for what they have done and, rather, they feel they had to hold the Council hostage. This is not the same as just being recognized for what you do for the City. Capping the merit increase at 2.3 percent essentially creates a step in grade program and does not reward exceptional performance, though that is what the City should covet. The City should want employees to be performing at a high level, but the cap means that employees that were rewarded for exceptional performance in the past will no longer have the same experience. With the cap the difference between a top performer and an average performer is now very small and he thinks that what may result is that evaluators may give higher performance ratings to compensate for the decrease in opportunity. Some of the compounding formula problems that were discussed earlier are a result of lack of action by past Councils that led to the compression problems. He discussed compression in general terms and stated that as a result of compression he has Officers in his Department that have been employed with the City for 13 years and they have only recently been advanced to the Police Officer 3 position. The delay in advancement caused a compounding problem. The idea of alternating between merit increases and bonuses each year will create an additional compression issue because employees will fall further behind their comparison cities; at some point the City will conduct another benchmark survey and find that employees are not keeping track with the market.

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Councilmember Maughan stated Chief Atkin is absolutely the icon of what the Council wants Department Heads to be; he appreciates his work and his stellar Department. The problem the Council is addressing at this point is the manner in which different wage increases are stacking up in combined forms and it can get out of the Council’s ability to address. That is something the Council must address going forward. He stated that though he may have offended City employees during tonight’s meeting, he still feels like his first responsibility is to the 28,000 people that live in Syracuse, including those residents that work for the City. He must raise certain questions so that they can be addressed. One of the greatest concerns he had this week is the research he did on the raises that were given several years ago when the Council allocated \$150,000; the perception and evidence seems to be that money did not go to the bulk of employees and, rather, it went to a select few.

Those handful of people are the same people that are at the top. His concern is that again in the budget this year, most of the raises are coming right at the top and he does not want to address it that way; he does not want to say that all Department Heads come before everyone else and, instead, that everyone should be addressed. He has no issue with any raises suggested in the Police Department or in other Departments beyond the raises being recommended for the Department Head; but he does have an issue with the fact that when the process began, some Department Heads were scheduled to get greater increases than their entire Department combined and that was out of balance. This is not a personal reflection on any Department Head and Syracuse City has fabulous people working here. He does not want them to leave, but he does have a problem with raising top employees at high levels without helping anyone else. He is trying to figure out a way to make the information easy to understand because the stacking is a real problem; when the City plans to address career development, merits, wage compression, and benchmarking some people are getting huge raises while others are not being addressed and the result is a budget that is out of whack. He would love to say the City had more money overall and that may need to be addressed with the residents of Syracuse, which may not be pleasant for the City Council. He concluded by thanking the employees for what they do; there is no way to say that in financial terms because the City does not have enough money and there are limits.

[10:40:21 PM](#)

Councilmember Lisonbee stated she agrees with Councilmember Maughan's comments about the Police Department; she wants to make sure Chief Atkin understands that in all Council conversations about the Police Department, all have recognized that the Department must be addressed. This is not only because of past decisions made in the City, but due to trends in the State and nationwide; there are many factors that led to wage wars between police departments and the Council wants to retain the Police Officers that currently serve the City. Overall, what the Council is trying to do is hold to the policy while addressing the fact that it may have overshot the goal; the policy goal is to remain competitive to keep employees, but some of the suggested fixes have not answered that and could actually result in layoffs in the future even with a tax increase because they are so costly. The Council needs to make sure that the policy reflects the goal; she understands employees can sometimes see a policy change and panic and that everyone relies upon their salary to support their family. No one is talking about reducing salaries overall, but the focus is on remaining competitive while not overshooting. She stated that the Council does look at benchmarking data in the aggregate and higher paid cities can skew the results and that must be considered. She added that capping merit increases at 2.3 percent is the magic number that can move an employee through their wage scale in 18 years. This is a quick time frame given that employees must work for 30 years before being eligible to retire. She added she is happy to talk to any employee about their concerns via telephone or email, but she stressed that the Council understands the Police Department is a special case and they will be addressed.

[10:44:54 PM](#)

TJ Jensen briefly addressed the idea to change the Council meeting format and stated that up until 2008 the City Council had two regular meetings per month, but the agendas were much lighter due to a decrease in development associated with the recession; that was the reason the decision was made to eliminate one voting meeting and only hold a work session on the fourth Tuesday of the month.

[10:45:12 PM](#)

Mr. Bovero stated he wanted to make a clarification for the benefit of those employees listening to the meeting; for several supervisory positions there were increases proposed due to benchmarking and compression issue; however, that was not intentional and is just a result of the data that came from the analysis that was completed. When staff walked through step by step with the Council the criteria and formulas that would be used to conduct the analysis, everyone agreed on it and there was even discussion about the fact that the Council wants to value the positions in the City that are more difficult to replace and retrain; naturally those tend to be supervisory positions and there may be more value on that. He stated that Councilmember Maughan is not wrong in the statements he made, but he wants to be clear that based on the analysis formulas that were approved, everyone was evaluated on the same criteria and the results are just a produce of that work. There is no proposal from staff to give Department Heads the bulk of the money. There is one Department that he can think of where the Department Head's adjustment was higher than the rest of the Department combined, but for first line supervisors throughout the City many adjustments have been proposed because those positions are harder to fill when vacancies occur. Councilmember Lisonbee agreed and stated she is not insinuating anything nefarious has occurred; the criteria the Council talked about was discussed in the context of wage compression, but she was not expecting to see benchmark adjustments based upon those criteria and then wage compression and merits stacked upon those adjustments. In comparison to other cities, the data indicates the City is overpaying and that does not meet the expected goals of the policy.

City Council Work Session
May 24, 2016

[10:48:03 PM](#)

Council business

Mayor Palmer indicated Council business would not be discussed and declared the meeting adjourned.

The meeting adjourned at [10:48:13 PM](#) p.m.

Terry Palmer
Mayor

Cassie Z. Brown, CMC
City Recorder

Date approved: June 14, 2016