

Minutes of the Work Session meeting of the Syracuse City Council held on September 27, 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 hear public comments, hear a request to be on the agenda from a Local Cub Scout Troop regarding recycling, discuss the Community Development Block Grant (CDBG) program with Davis County representatives, hear a presentation from the Division of Facilities and Construction Management (DFCM) regarding State liquor store, discuss the proposed Tuscany Park conceptual design, discuss the process by which project proposals are vested in Syracuse, discuss potential code amendments to require a secondary watering schedule agreement for HOA developments, review the Stoker Gardens secondary water agreement, discuss a recall statute, discuss park strip requirements, discuss potential xeriscaping ordinance, continue discussion of Employee Recruitment and Retention Policy and Fiscal Year 2017 Employee Compensation Plan, discuss the Utility Fee and Cost Allocation Policy, and discuss Council business.

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Councilmember Anderson led the audience in the Pledge of Allegiance. Councilmember Maughan provided an invocation.

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Public comments

Sheryl Sparks stated she is a real estate broker and she is very familiar with the market value of properties located within the subdivision known as The Villas. She paid \$304,000 for her unit two years ago and it is now worth \$338,000 to \$348,000; if a liquor store is constructed nearby, the property values in the area will be negatively impacted. Additionally, there are some elderly people living in the development and an increase in traffic in the area would be problematic for them and there will be more accidents in the area.

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Sherry Brophy agreed with Ms. Sparks points regarding traffic in the area; if a liquor store is built in the area the traffic will dramatically increase. She added the back door of the liquor home opens to a residential area and the use is not suitable for that area. There are other parcels available for development on Antelope Drive that would be a better fit for a liquor store.

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CB Johnson stated that he also lives in The Villas development and he feels the proposed spot for a liquor store is in appropriate; all properties surrounding the site are residential in nature and there is already a liquor store just five miles away in Layton. He stated there is no need for a liquor store in Syracuse.

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Brian Barker addressed the agenda item relating to development of Tuscany Park. He stated that he is a 35 year Syracuse resident and he would like to encourage the Council to consider the development as it has been proposed. He stated

that he has a son that as two months old when he moved to the area and there was a promise of a park in the neighborhood; his son is now 35 years old and it is time to proceed with the development.

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Chris Lightfoot echoed Mr. Barker's comments; he has lived near the park site for nearly seven years and he is tired of looking at an empty lot. A small area of the property has been developed as a park, but it would be nice to have the rest of the project completed as promised. He then read a brief statement written by his son: "I think that we should build onto that park because it is not very big and they took away the swings and the monkey bars. They should also include some soccer goals, a sand volleyball area, and a horseshoe pit. I think they should add in some things like the West Point park has. If they do add more to the park, they should put in a parking lot. They should put in a lot more playground equipment because the stuff already there is really small. That's why I think they need more of a park."

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Richard Sparks stated that he lives in The Villas development; he is present to hear the presentation regarding the liquor store and he indicated that a liquor store retail outlet on a two-lane road will overload the road with traffic.

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Edyn Litster stated that the playground at Tuscany Park is too small for her. Her father, Mike Litster, stated that his family lives in Tuscany Meadows; he was happy when construction at the park site started, but he would like it completed. It would be nice if there were a pavilion with tables or even benches at the site so that he could sit and watch his kids play. He stated he is hopeful the Council will approve the park expansion as advertised.

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Shane Crowton stated he also lives in Tuscany Meadows and he would like to voice his support for the park project; it would be nice for the City to finish what it has started regardless of the project.

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John Perry stated he lives in Tuscany Meadows and one of the things that drew him to the subdivision was the designation of space for a future park. He stated the improvements that have been provided at the property are fantastic and much better than weeds, but he would like for additional development to occur to accommodate the children that live in the neighborhood.

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Ralph Vaughan stated that several months ago the liquor store was first discussed; he has personally contacted Layton, Roy, Brigham City, Bountiful, Hooper, and Ogden in regards to the liquor stores in those cities. He learned the Layton store is the thirteenth most successful store in the State of Utah, with the Roy store ranked as 27th. If the City were to average patronage between these two stores a substantial amount of money would be generated. Each of the cities he contacted reported they have seen an economic increase because of the liquor store; it is a destination and when people visit they are often looking for fast food or other services and they will support adjacent businesses as a result. He added that the cities also indicated there has been no appreciable diminution in residential real estate values in the area because the State of Utah is an excellent landlord who owns the property and has a vested interest in keeping it looking beautiful while complying with laws of each jurisdiction. He added that the cities also indicated there has not been an increase in illegal activity or demand for law enforcement associated with the liquor stores. The liquor store would be an economic engine in the City of Syracuse and he believes it would be a good idea to seriously study the project.

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Joyce Long asked if there is another location for the liquor store; she would prefer it not be located near The Villas.

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Council member Maughan read a letter submitted to him by a resident, Dennis Johnson: "May I as a citizen of the great City of Syracuse make a few comments regarding the park in Tuscany Meadows, for which I am truly grateful. I have lived in my current home for 31 years and have loved this community. I am co-owner of MCL Electric and as a business we have donated much in the way of labor and materials to the City's efforts to make our parks and museum what they are today. My wish is that after all these years of promises made by different City Councils and officials that perhaps we could at least get some finalization of our park and make it family and community friend. A parking lot, restrooms, and perhaps a nice restroom would be nice to have. Would it be too much to ask that we all have some of our tax dollars spent through all these years returned to use as has been done in other neighborhoods and at least complete that which was finally begun as a park that we can utilize and be proud of. We have been promised we would have roads fixed – which has not happened with the exception of band aid slurry that happened 15 years ago too little, too late. My family has come and is, for the most part, gone

and will never be able to enjoy what we were promised, but I would like for those who have moved into the neighborhood over recent years to have a place for their families that they can enjoy.”

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Ms. Sparks stated that she does not agree with the statistics presented by Mr. Vaughan.

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Discussion with Davis County regarding CDBG Grant program.

City Manager Bovero briefly reviewed the City’s interlocal agreement with Davis County for the administration of Community Development Block Grant (CDBG) funds; he also reviewed a list of all the entities in Davis County that participate in the program and the percentage of grant funding they are eligible for. He then introduced Tony Zambrana, CDBG Program Administrator from Davis County, and indicated he will answer any questions the Council may have about the components of the CDBG program.

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High level discussion among the Council and Mr. Zambrana ensued; there was focus on the types of facilities and programs that receive CDBG funding and whether residents in entitlement cities that do not participate with Davis County have the ability to avail themselves of the services offered by these facilities. Mr. Zambrana stated that the majority of services provided at recipient facilities are offered County-wide; this means that citizens of all cities in the County can benefit from the services regardless of whether those citizens live in an entitlement community that receives their own funding independent of the County. There was also discussion regarding use of CDBG funds for area revitalization and Mr. Zambrana stated there is a series of projects that the City can use CDBG funding; past Syracuse projects include improvements at Chloe’s Park, street projects, infrastructure projects, and other projects that may eliminate blight. He referred the Council to the CDBG website, which offers the wide range of activities and projects that are CDBG funding eligible. He then discussed the manner in which CDBG projects are ranked in order to determine funding allocations for the cities that participate with the County. Councilmember Lisonbee inquired as to the highest amount of money that has been allocated to a municipal project. Mr. Zambrana stated he would need to research that topic and report back to the City, but he noted there is no limitation on the funding amount to be offered as long as it does not exceed the amount of money provided by the Department of Housing and Urban Development (HUD) in a given year. Councilmember Lisonbee asked if there is an earmarked amount of money that is dedicated to ongoing services each year; she stated it is her understanding that 40 percent of the funding is geared towards ongoing services. Mr. Zambrana stated that is not correct and he noted that the maximum budget amount that can be allocated to public services each year is 15 percent of the total budget.

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Discussion concluded with Mr. Zambrana’s review of the annual timeline for submitting funding applications to the CDBG grant review committee.

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Presentation from Division of Facilities and Construction Management (DFCM) regarding State liquor store.

A staff memo from the Community and Economic Development (CED) Department explained some months ago the State of Utah started working on buying a property to set up a retail operation for the DABC in Syracuse. The official property search began after receiving an appropriation from the state legislature during the 2016 legislative session for the construction, operations and management of a location in Syracuse. A suitable location has been harder to find than expected and the DFCM has requested an opportunity to make a presentation to the council and hear their thoughts on the matter.

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CED Director Mellor reviewed his staff memo. He introduced Commercial Real Estate Manager for DFCM, Wayne Christensen, who used the aid of a PowerPoint presentation to provide the Council with information regarding the State’s proposal for locating a liquor store in Syracuse City. He reviewed photographs of other liquor store buildings and sites throughout the State and emphasized that a liquor store is a good neighbor; landscaping of the site is beautiful and architecture of buildings is geared towards fitting in with the nature of the neighborhood. He added that the City stands to receive up to \$650,000 per year in tax revenue associated with the liquor store. Councilmember Lisonbee clarified that the

City would actually receive much less than that; the City receives a smaller portion. Mr. Mellor agreed and discussed his understanding of the breakdown of tax revenue generated by a liquor store. Mr. Christensen argued that is incorrect and noted the City will receive 6.5 percent in tax revenue from the liquor store. Mayor Palmer asked Mr. Christensen and Mr. Mellor to conduct additional research to determine the exact percentage the City will receive from the liquor store.

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Council discussion centered on the potential location of the liquor site; there was a focus on potentially shifting the building to another portion of the larger piece of property owned by the current owner, Mr. Briggs. The Council indicated they would be supportive of moving the building to a location where it would front and be accessed by Antelope Drive. City Manager Bovero suggested that the Council direct Mr. Mellor to discuss other locations options with the DABC and the property owner before bringing a final recommendation back to the City Council. Mr. Christensen and Mr. Briggs indicated their willingness to work with Mr. Mellor to consider moving the facility to another area of the subject property.

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The meeting recessed briefly and reconvened at [7:12:39 PM](#).

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Request to be on the agenda: Local Cub Scout Troop to discuss recycling.

An administrative staff memo explained a local Cub Scout Troop submitted a request to be on the agenda to discuss a recycling program with the City Council.

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Four Cub Scouts from Troop 136 approached the Council to discuss recycling. The first Scout, Sam, explained he has been learning a lot of things in Cub Scouts; two of those things are recycling and the City. His family recycles, but not everyone in the City does. It seems more people would recycle if the option was easier for them. His mom took a vote on a City Facebook page and 50 people showed interest in recycling while only two said they were not interested.

The second Scout, Lincoln, stated Utah is ranked as the 42nd worst State for recycling. It takes 60 days to recycle an aluminum can or 500 years in a landfill.

The third Scout, Joshua, stated the City has a contract with Robinson Waste; it would be possible to add recycling services to the current contract. Steve Robinson is willing to give the City a bid. A lot of residents currently use Ace Recycling; they charge \$10 per month, but if enough people were to sign up for recycling with Robinson or Ace, the cost would be even lower.

The fourth Scout, Caden, stated recycling is important for our future; the Scouts feel the City needs to look into adding recycling to the utility services offered.

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Mayor Palmer thanked the Troop for the information they provided. He stated the City has talked about recycling in the past and will take the Troop's recommendations under advisement.

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Discussion of proposed Tuscany Park conceptual design.

A staff memo from the Parks and Recreation Department explained the concept design for Tuscany Park has been completed for your review and discussion.

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Ms. Robinson reviewed the staff memo. She and Councilmember Maughan reviewed the following documents to illustrate the proposed concept design for Tuscany Park:

- Map of Existing Site
- Tuscany Park Phase 1a - Concept Design
- Example of Climbing Structure
- Example of Basketball court (Loy F. Blake Park in West Point)
- Example of 30'x 60' Pavilion
- Tuscany Park Phase 1a- Opinion of Probable Cost

- Tuscany Park Phase 1b- Concept Design
- Tuscany Park Phase 1b- Opinion of Probable Cost
- Final Concept Design for Tuscany Park
- Final- Opinion of Probable cost.

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The entire Council participated in high level discussion regarding the proposed scope of the project and the total cost for the Park. Councilmember Lisonbee stated she can support concept design 1a in order to be fair to other parks throughout the City; she feels the 1b recommendation includes too many amenities and is too costly for a park of this size. Councilmember Maughan disagreed and stated that he supports option 1b; the neighborhood has been promised a park for several years and the scope of work contemplated in option 1b would make the situation right. Mayor Palmer stated it may be necessary to spread the project over two fiscal years to secure enough funding for the components included in option 1b. Council discussion of the project continued and Councilmembers Anderson, Gaily, and Maughan ultimately concluded to support option 1b; however, they asked for a finalized project scope and budget to act upon before the project commences.

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Process by which projects proposals are vested in Syracuse.

A staff memo from City Attorney Roberts explained he has been asked to give a brief synopsis of laws relating to the vesting of development. As with many areas of the law, there is some nuance to the term. If one hears from a developer that a project is vested, an appropriate follow-up question is, “Vested as to what?”

“Vesting,” as it relates to land use law, could generally be described as the legal right to move from one stage of development to another. A specific use is not *finally* “vested” until the property owner applies for a building permit and the permit is approved. However, there are several points on the path to a building permit at which a project is incrementally vested.

In a 1980 case, the Utah Supreme Court announced “that an applicant is entitled to a building permit or subdivision approval if his proposed development meets the zoning requirements in existence at the time of his application and if he proceeds with reasonable diligence, absent a compelling, countervailing public interest.” This was subsequently adopted in the state law. The statute provides, with a few exceptions, that “an applicant is entitled to approval of a land use application if the application conforms to the requirements of the municipality’s land use maps, zoning map, a municipal specification for public improvements applicable to a subdivision or development, and an applicable land use ordinance in effect when a complete application is submitted and all application fees have been paid.” The zoning and development requirements are essentially frozen in time as it relates to that project.

At each step of the Subdivision application process, the City may be called upon to interpret its ordinances to assess whether a specific application meets the criteria of city ordinances. Reasonable minds may disagree as to the meaning of an ordinance or its application to a specific land use proposal. However, approval of the application includes approval of items included in that application. “A property owner should be able to plan for developing its property in a manner permitted by existing zoning regulations with some degree of assurance that the basic ground rules will not be changed in midstream.” And if the City discovers that its zoning or subdivision code is lacking in some manner, it may not require the applicant to alter his plans to a standard that does not exist in the code.

For quick reference, the following is a table of the steps of development, and an answer to the question, “Vested as to what?” for each step.

Step in Process	Point of Vesting	Vested as to What?
Zone Change Application	Approval by body	Zoning (but no vested interest in future zoning)
Land Use or Subdivision Application	Application submitted	Use, density, zoning and subdivision rules in effect on date of application
<i>Subdivision</i>		
Concept Plan	N/A	N/A
Preliminary Plat	Application submitted	Specific subdivision rules – lot sizes, setbacks, right-of-way requirements
	Approval by Land Use Authority	- Matters addressed in the preliminary plat – matters of interpretation are deemed to have been resolved in favor of the approved application

		- E.g. Layout, number, area and typical dimensions of lots, streets and utilities
Final Plat	Application submitted	Site-specific items – exact location of roads, public utility easements, boundary lines, building setbacks, identification systems
	Approval by Land Use Authority	All matters related to subdivision – matters of statutory interpretation are deemed resolved in favor of the approved application
<i>Certain Land Uses</i>		
Site plan	Application submitted	Uses in zone, design standards, setbacks, landscaping, etc.
	Approval by Land Use Authority	All matters in the site plan
Building Permit	Application submitted	Applicable building & fire codes

The next question arises: What happens when the land use authority gives final approval on a stage in the development, and then later discovers an error or decides that it was wrong? Under the doctrine of zoning estoppel, cities are prohibited from taking actions that undo a prior approval. Each step in the development process constitutes a greater investment by the developer in the project, and a property owner is entitled to rely upon approvals of matters which arose in previous applications, before expending more resources in preparing materials for additional applications. Thus, the rule of zoning estoppel applies not only to government actions, but also *omissions* made in a “clear, definite, and affirmative nature” Approval of a building permit or land use application is a clear, definite and affirmative action. Developers are entitled to rely upon approvals of preliminary plats in paying to have final plats drawn up. And they are entitled to rely upon those approvals before expending the resources necessary to prepare building plans.

Vesting is less of an event than it is a series of events. With one exception (zoning approval), the decision of whether an application should be approved is based solely upon the ordinances – if the development meets the code, then the City cannot deny the application. If a particular use appears to be unwise or a bad fit for a particular location, then the only time that the land use authority may decline approval of that development *on those grounds* is at the application for zone change. It may be best to consider each requested zone change without reference to anything that the applicant says are his future plans. For example, if a property owner proposes a zone change to Neighborhood Services in order to establish an optician clinic, and receives approval, then he is not required to open an optician clinic. A new owner - or the same owner - may instead build an animal clinic, or seek a conditional use permit to establish an auto shop or convenience store. Property owners are not bound by any assertions they make when they seek a zone change – owners and plans change.

After a property owner with the appropriate zoning designation has submitted an application for subdivision or site plan approval, which are administrative in nature, any attempt to stop development due to concerns about neighborhood impact, the wisdom of the use, or public opposition to the specific project is both inappropriate and illegal. The code must be applied fairly and consistent with previous interpretations made by the land use authority.

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Councilmember Lisonbee provided an explanation for the reason she added this item to the agenda; she feels the Council needs the ability to properly vet any project in the City to avoid the risk of a project becoming vested before proper consideration. She would like the City Code to include clear and concise language indicating that the City Council is the only body that can take action that would result in a project becoming vested. Councilmember Maughan added he feels the Council needs the ability to hold a developer to a project or concept that they present to the City in order to receive approval of a zone change. He stated that he is aware of instances where developers have changed their project after receiving a certain zoning designation and he wants to stop that from happening in the future. City Manager Bovero stated there are mechanisms that can be used to bind a developer to a certain project, but generally speaking, when the Council makes a legislative zoning decision a developer can develop their property within the regulations of that zone even if the project differs from the concept that as initially presented. He stated that when the Council is considering a zone change, they should always keep in their mind the worst thing that can happen within the requested zone. Mr. Roberts added that zoning approval can be granted subject to a certain plan. The Council engaged in high level discussion regarding zoning subject to a development agreement and they ultimately concluded to direct staff to prepare a draft ordinance for the Council to consider that would require a development agreement for certain zoning applications.

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Discussion reverted to the original topic of application vesting. Councilmember Lisonbee stated she was simply concerned that the Council was not seeing applications before they become vested, but if the City Code is followed and the Council has the opportunity to review applications at the preliminary plat phase, that issue may be addressed.

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Potential code amendment to require a secondary watering schedule agreement for HOA developments.

Councilmember Lisonbee stated that she asked that this item be added to the agenda because she feels that secondary water use in HOA developments must be addressed. She suggested that a secondary water agreement be executed at the time the plat for a project is approved; the agreement could be recorded with the subdivision so that it is enforceable in the future. Councilmember Gailey agreed the City needs additional control over HOA developments in general, not just specific to secondary water usage. Councilmember Lisonbee agreed. The Council concluded to direct staff to include an item on a future agenda to allow for more detailed discussion regarding the control the City currently has over HOA developments.

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Review of Stoker Gardens secondary water agreement.

Councilmember Lisonbee stated that the City has taken action to reduce the amount Stoker Gardens is charged for their water connections. She is concerned about how and why that decision was made. City Manager Bovero stated that property owners are billed according to their connection size; Stoker Gardens reduced their connection size from what was originally proposed and that resulted in the City's decision to reduce the connection fee charged. Councilmember Lisonbee stated she would like to address secondary water use in the Stoker Gardens development by way of a water agreement as discussed under the previous agenda item. She would like for current HOA developments to be informed of any Council consideration of requiring a secondary water agreement.

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Discussion of recall statute.

Councilmember Lisonbee stated it is her understanding there are a couple of governing bodies in the State of Utah that have a recall statute, one of them being Morgan County. She facilitated a discussion among the Council relative to their feelings about enacting a recall statute in the City. She stated it could be a contentious issue, but could also be empowering to the residents while making their governing body more accountable to them. The Council engaged in high level discussion regarding potential components of a recall statute, ultimately concluding to direct staff to research the legality of a recall statute for future discussion of the issue.

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Discussion of park strip requirements and discussion of potential xeriscaping ordinance.

Councilmember Lisonbee stated that she would like to amend the City Code to remove the requirement for grass in park strips as this type of landscaping requirement can result in water waste. The Council engaged in discussion of the recommendation and the body, with Mr. Mellor noting that the City Code currently permits different landscaping options in park strips. The Council then had a high-level discussion regarding xeriscaping in general; Councilmember Gailey stated he feels it would be appropriate to discuss xeriscaping in conjunction with the state of the City's secondary water system and future ordinances regarding secondary water use. The Council ultimately supported the idea of considering a xeriscaping ordinance and they directed staff to work with the Planning Commission to that end.

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Continued discussion of Employee Recruitment and Retention Policy and Fiscal Year 2017 Employee Compensation Plan.

A staff memo from the City Manager explained that pursuant to September 13 meeting, the Council requested that he summarize the items discussed in the meeting to assist in the discussion. Attached to the memo was outline version 1.2

showing the main components of the policy in a summarized format. The items in **black** text were discussed at the September 13th meeting and appeared to have tentative consensus amongst the Councilmembers. The items in **red** are concepts for the Council's consideration, that are based on comments made during previous discussions, including the September 13 meeting. This outline is for discussion purposes and at this point is not yet refined enough to constitute a recommendation on the part of City Administration.

Biennial Review

- Every 2 years, each department conducts in-depth review of operations, issues, direction, and goals with the City Council.
 - Yr 1: Police, Fire, Park & Rec
 - Yr 2: PW, CED, IT, Courts, Finance
- Any wage abnormalities, such as wage compression, or other special wage adjustments would be discussed as a part of the departmental review.

Benchmark

- Every other Biennial Review, departments are on a rotating benchmark schedule:
 - Group 1: Police, Fire, Park & Rec
 - Group 2: PW, CED, IT, Courts, Finance

Example Schedule:

- Year 1: In-depth review and benchmark of Police, Fire, Park & Rec
- Year 2: In-depth review and benchmark of PW, CED, IT, Courts, Finance
- Year 3: In-depth review of Police, Fire, Park & Rec
- Year 4: In-depth review of PW, CED, IT, Courts, Finance
- Year 5: In-depth review and benchmark of Police, Fire, Park & Rec
- Year 6: In-depth review and benchmark of PW, CED, IT, Courts, Finance

Wage Scales

- Wage scales will not be set lower than the 50th percentile of the market. Based on inability to attract an acceptable applicant pool, or due to a change in the labor market for any given position, the Council may adjust the wage scale to a higher percentile.
- Individual wages can be adjusted with every benchmark study, along with wage scale adjustment, if Council approves. This comes in the form of an increase in the percentage that the employee is eligible to receive in the annual merit increase evaluation.
- The policy advises the Council to adjust wages and wages scales only when there is a net change of **2.5%** or greater in the benchmark for any given position. This is advisable in order to prevent wage compression in the future, but does not require the Council to make these adjustments.
- An employee's wages will not be adjusted due to a benchmark study if the employee has been hired within the previous 24 months.

Example 1: The Council budgets 2% of payroll for merit increases. The benchmark for Employee 'X's position shows an overall increase of 1.5% in the wage scale since the last benchmark. Since this is less than 2.5%, there would be no wage adjustment or wage scale adjustment.

Example 2: The Council budgets 2% of payroll for merit increases. The benchmark for Employee 'X's position shows an overall increase of 3.5% in the wage scale since the last benchmark. Since this is more than 2.5%, the employee is eligible (subject to Council approval) for his/her regular merit increase, plus a maximum of an additional 3.5% depending on his/her evaluation score.

Merit Increases

- In order to determine the budgeted amount for merit increases, the Council will:
 - Calculate the moving average of wage increases for the last 3 years of benchmark cities/companies .
 - Set aside a minimum of **25%** of the net increase in combined sales tax, property tax, and franchise tax from the previous fiscal year.
 - Decide to either increase, decrease, or maintain the set-aside amount in order to stay competitive with the market.

Note: 3 different methods of merit increase administration were considered but no consensus was reached. The three methods are outlined below:

Method #1

- Administration of merit increases is performed by City Manager under direction of the Mayor, subject to performance scores of employees. No single employee may receive more than 1.5 times more than the budgeted percentage set aside for merit increase without Council approval.

Example: Council adopts a 2% budget for merit increases. No single employee may receive more than a 3% (2% x 1.5) merit increase, unless approved by the Council.

Evaluation System

- Scoring System: 4.5 – 5 -> Max 1.5x the Avg
 4 – 4.49
 3.5 – 3.99 -> Target group for Avg merit increase
 3 – 3.49
 2 – 2.99 -> No merit increase at 2.99 or below
 0 – 1.99

- Scores of 3.5 – 3.99 will be targeted to earn a merit increase equivalent to average percentage budgeted. Higher scores can earn higher merit increases, up to the maximum allowed; lower scores receive lower amounts. The City Manager can adjust merit increases to account for differences in how each evaluator scores his/her employees, as a means to level the scoring system.

Example: Council 2% of payroll for merit increases. Scores at 3.5 – 3.99 would be targeted to receive a 2% merit increase. An employee above a 4.5 score could receive up to 3% (2% x 1.5), and an employee near a score of 3 could receive about 1%.

Method #2

- Administration of merit increases is performed by City Manager under direction of the Mayor, subject to performance scores of employees. No single employee may receive more than 5% without Council approval.

Evaluation System

- Scoring System: 4.51 – 5 -> Up to 5%
 4.01 – 4.5 Up to 3.75%
 3.26 – 4 -> Up to 2.5%
 3.01 – 3.25 Up to 1%
 2.01 – 3 -> No merit increase at 3 or below
 0 – 2

- Targeted amount set aside for merit increases is 3% of payroll.
- Scores of 3.26 – 4 will be targeted to earn a merit increase equivalent to average percentage budgeted. Higher scores can earn higher merit increases, up to the maximum allowed; lower scores receive lower amounts. The City Manager can adjust merit increases to account for differences in how each evaluator scores his/her employees, as a means to level the scoring system.

Example: Council budgets 2% of payroll for merit increases. Scores at 3.26 – 4 would be targeted to receive a 2% merit increase. An employee above a 4.5 score could receive up to 5%, and an employee near a score of 3 could receive up to 1%

- Budget control test : Annually the budget will be reviewed to ensure the percent of the City’s budget spent on wages never varies more than 5% from year to year.
- Disbursement control test: No more than 25% of merit budget may be spent on senior management. No less than 40% of merit budget may be spent on non-supervisory.

Method #3

- Administration of merit increases is performed by City Manager under direction of the Mayor, subject to performance scores of employees. No single employee may receive more than 115% more than the budgeted percentage set aside for merit increase without Council approval.

Example: Council budgets 2% of payroll for merit increases. No single employee may receive more than a 2.3% (2% x 115%) merit increase, unless approved by the Council.

Evaluation System

- Scoring System:

4.5 – 5 ->	115% of the adopted merit
4 – 4.49	
3.75 – 3.99 ->	100 % of adopted merit
3.5 – 3.74	85% of adopted merit
3.25 – 3.49	70% of adopted merit
3.0 – 3.24	55% of adopted merit
2 – 2.99 ->	No merit increase at 2.99 or below
0 – 1.99	
- Scores of 3.75 – 3.99 will be targeted to earn a merit increase equivalent to average percentage budgeted. Higher scores can earn higher merit increases, up to the maximum allowed; lower scores receive lower amounts. The City Manager can adjust merit increases to account for differences in how each evaluator scores his/her employees, as a means to level the scoring system.

Example: Council budgets 2% of payroll for merit increases. Scores at 3.75 – 3.99 would be targeted to receive a 2% merit increase. An employee above a 4.5 score could receive up to 2.3% (2% x 115%), and an employee near a score of 3 could receive about 1%.

Advancements

- Employees that advance to higher position move to the bottom of new scale, but at least 1.5 times the percentage set aside for merit increases (This provides a raise equivalent to the maximum allowed under the merit increases). Nevertheless, the ultimate minimum increase for advancement is 4%. Employees are not eligible for merit increase for year of advancement.

Example: Council budgets a 2% budget for merit increases. Employee X reaches advancement, and his/her current wage is already higher than the bottom of the scale for the new position. He/she would receive a 3% increase (2% x 1.5). However, since this is below 4%, the employee would receive 4%. He/She would not receive a merit increase for that year.

Promotions

- Employees that are promoted to a position with more responsibility move to the bottom of new scale, but at least 2.5 times the percentage set aside for merit increase. Nevertheless, the ultimate minimum increase for promotion is 9%. Employees are not eligible for merit increase for year of promotion.

Example: Council adopts a 2% budget for merit increases. Employee X is promoted, and his/her current wage is already higher than the minimum of the new higher position. He/She would receive a 5% increase (2% x

2.5). However, since this is below 9%, the employee would receive 9%. He/She would not receive a merit increase for that year.

8:33:20 PM

City Manager Bovero reviewed his staff memo. He then facilitated a discussion among the Council regarding the edits that have been made to the draft Policy and Plan. There was a focus on issues such as benchmarking practices, development of employee wage scales, wage compression, the amount of money set aside each year for merit increases based upon combined tax revenues from the previous fiscal year, the employee evaluation system, the maximum merit increase an employee can receive in a given year, the rate at which an employee can move through their wage scale, and promotion and advancement opportunities in various City departments. At the conclusion of the discussion Mayor Palmer indicated that an item will be included on the October 25 work session meeting agenda to allow for continued discussion of the policy

9:45:22 PM

Discussion regarding Utility Fee and Cost Allocation Policy.

A staff memo from the City Manager explained the draft policy creates a policy of the City when determining utility fees and the allocation of costs associated with providing utility services. The draft policy stipulates that utility fees will be set at a rate that covers the direct operational, capital improvement, and debt service costs, and at least 50% of the indirect operational costs. Indirect operational costs are the general administrative services provided to the utilities from the General Fund. Under this draft policy, approximately \$311,000 would not be reimbursed to the General Fund from the utilities. That money would stay in the utility funds. To enact this policy as drafted, the budget would need to be amended, and there would need to be a reduction of approximately \$311,000 in the General Fund.

9:45:32 PM

City Manager Bovero reviewed his staff memo and facilitated a discussion among the Council regarding the proposed policy. The Council engaged in high level discussion with a focus on the length of time in which they would like to change the practice of funding indirect Administration costs. The Council agreed it should be possible to implement the policy within three years.

9:55:39 PM

Council business

The Council and Mayor provided brief reports regarding the activities they have participated in since the last City Council meeting.

The meeting adjourned at 10:11 p.m.

Terry Palmer
Mayor

Cassie Z. Brown, CMC
City Recorder

Date approved: November 14, 2016