

Minutes of the Work Session meeting of the Syracuse City Council held on November 13, 2012, at 5:30 p.m., in the Council Work Session Room, 1979 West 1900 South, Syracuse City, Davis County, Utah.

Present: Councilmembers: Brian Duncan
Craig A. Johnson
Karianne Lisonbee
Douglas Peterson
Larry D. Shingleton

Mayor Jamie Nagle
City Manager Robert Rice
City Recorder Cassie Z. Brown

City Employees Present:

City Attorney Will Carlson
Community Development Director Michael Eggett
Parks and Recreation Director Kresta Robinson
Police Chief Brian Wallace
Fire Chief Eric Froerer
Public Works Director Robert Whiteley
HR Specialist Monica Whitaker
Utilities Billing Manager Holly Craythorn

Visitors Present:	Ried Sweilem	Joe Levi	Kyle Kofoed
	Tanner Kofoed	Ray Zaugg	Pat Zaugg
	Gary Pratt	Troy Shingleton	Morgan Hamblin
	Max Skidmore	Gabe Sorensen	Hunter Christensen

The purpose of the Work Session was for the Governing Body to review the agenda for the business meeting scheduled for 7:00 p.m.; receive the annual audit report; discuss employee insurance opt-out incentive program; discuss hiring process for Syracuse City Police Chief; discuss City Cemetery burial fees; review the U.S. Cold Storage Development Agreement; discuss potential petition to disconnect cemetery property from Clearfield City; and discuss Council Business.

Annual Audit Report

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Finance Director Marshall stated the majority of this presentation will be made by Ryan Child, who is the Audit Manager with Wood, Richards and Associates. He stated they conducted the audit for the year ending June 30, 2012; by law the audit must be completed within six months, so it has actually been completed well ahead of that deadline. He then noted that the City has applied for the financial award recognizing the Comprehensive Annual Financial Report (CAFR) and he anticipates that the City will receive that award again for the third year in a row. He then turned the time over to Mr. Child for his presentation of the audit. He noted there are hard copies of the CAFR available and it has been provided to the Council electronically.

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Mr. Child then provided his summary of the audit report.

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Councilmember Duncan asked if depreciation amounts listed in the report are based on actual inspection or if they are based on accounting concepts. Mr. Child stated that depreciation amounts are the biggest estimates that exist within the financial statements and it does not account for inflation to repair or replace the assets.

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Mr. Child then continued his report. He also reviewed a comparative report explaining how Syracuse City's financial data compares to similar data in other cities. Mayor Nagle stated she appreciates the comparative report and would like to continue to receive it in the future.

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Councilmember Lisonbee referred to the graph on page 17 of the comparative analysis and she asked what is meant by the term "wages as a percentage of total expense". Mr. Child stated that he took the total wages or personnel costs that

were provided by each City and divided that by total expenses of the City. He stated that total expense amount includes depreciation, but does not include major capital outlay, so if a certain city spent \$4 million on infrastructure projects in one year, that expense would not be included in the total. He stated that the number is derived by dividing wages by typical budgetary expenses. Councilmember Lisonbee asked if that is the total expenditures of the City. Mr. Child stated that it is the total expenses and he can provide the number in the CAFR report for reference. Councilmember Lisonbee stated that last year's budget included a ratio like this, but it said that the City's wages was 67% of the total budget and she wondered why there is such a disparity between that number and the 24% that is included in the comparison report. Councilmember Peterson stated that he thought that was based on the percentage of general fund expenditures rather than all expenditures of the City. City Manager Rice agreed.

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Mayor Nagle thanked Mr. Child and Mr. Marshall for their work on the audit. She reported this is the first time there have been no audit findings and all working on the finances of the City did a great job. Mr. Child stated that he enjoys working with Mr. Marshall and Mr. Rice; they do a great job.

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Discuss employee insurance opt-out incentive program.

A staff memo from Finance Director Marshall explained the Mayor has asked him to perform some research on the potential to offer employees a cash stipend in lieu of the employees enrolling in benefits provided by the city. This request has been made to determine if there would be any cost savings to the City in creating an employee insurance opt-out program. Syracuse City offers all of its full-time employee's insurance benefits including medical, dental, and vision. The lion's share of the cost is related to the medical benefit packages we offer to employees. For simplicity, my analysis will only focus on medical benefits but keep in mind if the City decides to implement an opt-out program it could apply to all insurance benefits. Historically, medical benefits packages offered by municipalities have seen substantial increases from year to year due to the rising cost of health care. Many municipalities have seen increases upwards of 10%, 15% or even 20% in one year. Syracuse was fortunate to only see an increase of 5.4% for the current fiscal year. Benefit packet information for different plans was provided to the Council and, for example, if an employee chooses the select care plus package for a family, the City pays \$1,270.96 per month to cover that employee. This equates to \$15,251.52 per year for that employee. If Syracuse City were to offer an incentive for an employee to opt-out of medical insurance under the family coverage, the City would end up saving money. As an example, if the Mayor and City Council decided to offer an incentive of \$300.00 per month or \$3,600 per year to opt out, then the City would save \$970.96 per month or \$11,651.52 per year on medical coverage per employee. On the opposite side of the spectrum, if a different employee opted out of the Select Med Plus – single package, then the savings to the City would be \$206.08 (\$506.08 – \$300.00) per month or \$2,472.96 per year. When the City completed a benchmark analysis relative to merit increases, staff also inquired of the same cities if they provided an incentive for employees to opt-out of insurance coverage. Benchmark data was provided by the following cities:

- Ogden City - \$125 per pay check or approximately \$3,250 per year.
- Salt Lake City – 1/2 the insurance cost that would have been incurred.
- Highland City – 1/2 the insurance cost that would have been incurred.
- North Logan City - 1/3 the insurance cost that would have been incurred.
- Parowan City - 1/2 the insurance cost that would have been incurred.

Based on the above data, it appears the general idea would be to offer an incentive of up to half the cost of the insurance for the employee to opt-out. The Mayor and Council would have to decide whether to offer an incentive based on a specific dollar amount, a percentage, or a proportion share of the cost of the benefits. Mr. Marshall recommends that the City provide a flat amount of \$300 per month per employee. This amount would be on the lower end of the benchmark and would help the City save the most money. This would help offset any increased costs that would be incurred by offering an incentive plan. There are some issues that they City Council would have to address and resolve before an incentive plan could be put into practice. They include:

- Contract revisions and assumed costs
- City liability under the new affordable care act
- What do we do with current full-time employees not enrolled?
- When would a plan like this be best to implement?

The memo explained Mr. Marshall added to the Council packet a page from our current contract with SelectHealth. In the current contract, the City has agreed to not incentivize employees to opt-out of the insurance. In order for the City to offer an incentive plan we will have to modify our contract with Select Health. The best time to do this would be during

budget season and our contract renewal. The memo reported Mr. Marshall has spoken with GBS, the City's benefits advisor, and they have indicated that by removing this sentence from our contract, Select Health could increase its premiums as much as 1% to 2%. Relative to City liability under the new affordable care act, the act will mandate that all fulltime employees (defined by the affordable care act as working 30 hours or more per week) have access to affordable health insurance. If employees do not have access to health insurance they can go out to a Federal Exchange and purchase the insurance individually. If employers fail to offer health benefits to employees or the employer offers unaffordable or inadequate insurance, then the employee could go to the Federal Exchange and the employer would be fined \$2,000-\$3,000 per employee. Mr. Marshall's memo reported that he has had differing opinions on an incentive opt-out program; he has been told by GBS that we can offer an incentive program to employees as long as we verify that the employee is covered on a different insurance plan. He has also heard that as long as the insurance was offered to the employee, then regardless of what the employee decides the City has done it due diligence and would not be accessed a fine. This is one area we will get more clarification as the new affordable care act is rolled out. What do we do with current full-time employees not enrolled? Currently we have 5 full-time employees who have elected to opt-out of insurance because they are covered on a spouse or parent's insurance plan and do not want the double coverage. How should the City handle these individuals going forward? The opt-out program would be an annual election for all City employees at the beginning of every fiscal year. When would a plan like this be best to implement? I believe that the best time to roll out a new incentive opt-out plan would be during budget season and during open enrollment for health insurance coverage. This would allow the City to renegotiate its contract with SelectHealth, get a better determination on the affordable care act, and allow employees to make this decision during open enrollment period. The memo concluded with a recommendation by Mr. Marshall that he believes an opt-out incentive program would be a good idea for the City to implement. It would give an incentive to employees to opt-out of insurance and it would also help the City save money on insurance premiums. He recommends the City offer \$300.00 per month to employees as an incentive. He also recommended that if the City Council moves forward with the program that it should start next year during open enrollment season.

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Mr. Marshall approached the Council and summarized his staff memo.

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Mayor Nagle asked how many members the City covers in its play. Mr. Marshall stated that there are currently 62 employees enrolled in the City's medical plan and if that number were to drop below 50, the City would be classified as a small employer rather than a large employer and that would impact the total costs. He stated he is not sure that many people would opt-out, but there are definitely a few that would.

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Mayor Nagle stated she appreciates the information and she would like to discuss the idea further during the budget retreat.

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Councilmember Johnson stated he would like to be able to understand what the increase in the premium would be.

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Mayor Nagle stated she would also like staff to study a Health Spending Account (HSA) option. Mr. Marshall stated he has been looking into that and it is inevitable that the City will eventually transition to that type of program. Councilmember Johnson agreed.

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Councilmember Duncan asked if the City can opt into the Utah insurance exchange. Mayor Nagle answered no because the City has too many employees.

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[Discuss hiring process for Syracuse City Police Chief.](#)

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Councilmember Lisonbee stated that she and Councilmember Duncan tried to call a special meeting scheduled for two weeks ago on a Tuesday to discuss this issue in anticipation of the interviews for the Police Chief position. She stated there was concern with the resumes that were requested by her and she did not feel she could properly provide advice and consent without that information. She stated she was repeatedly denied through email the access to the resumes so she asked Councilmember Duncan if he wanted to add an item to the agenda to provide the Council an opportunity to discuss the issue.

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Councilmember Duncan stated that a month and a half ago the City Council was told in a work session meeting that the process to hire a new Police Chief was starting up and he remembered being promised two things as a City Councilmember. He stated that he was told that only candidates not technically qualified for the job according to the position posting would be screened by the Human Resources Department and that all resumes for qualified candidates would be given to the City Council. He stated that the time came when the Council was told that the interview process was moving forward so he requested the resumes and was told that, according to GRAMA, that he could not have them. He stated his concern was that there was a legal conclusion that GRAMA restricts access to the resumes. He stated that issue is two-fold; resumes as it applies to the City Council and resumes as it applies to citizens who have requested the resumes. He stated it is his understanding that at least one citizen has requested the resumes and has been denied access. He stated he does not agree with that analysis and he has a problem with it. He stated that is part of the reason he wanted to have a meeting two weeks ago, but the Mayor was unavailable until tonight. He stated he felt it would have been inappropriate to move forward with a meeting without the Mayor because the discussion needed to be had with the Mayor. He stated that discussion can now happen tonight. He stated that he received a call today from Councilmember Shingleton who told him that the resumes were now available for review by the City Council and his first question to open the discussion is: he was told he could not have access to the resumes because access is restricted by GRAMA, and he wanted to know what has changed in the last three weeks since he was initially denied access.

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Mayor Nagle stated the documents are considered private according to GRAMA. Mr. Carlson stated that he cannot answer Councilmember Duncan's question about what changed, but he can address his other concerns. He stated that he hoped that the Council can all agree that the records are records, and they are records that belong to the government. Councilmember Duncan agreed. Mr. Carlson stated that GRAMA classified records into different categories and the following records are defined as private: employment records concerning current or former employees or applicants for employment with a government entity that would disclose the home address, home telephone number, social security number, insurance coverage, marital status, or payroll deductions. He stated that subsection two also references records concerning a current or former employee or applicant for employment with a government entity, meaning that, according to those two sections, a resumes is classified as a private record. He stated that GRAMA also controls releasing records between government entities, which is something that he hopes the Council can agree on. He stated GRAMA defines government entities as including each separate and individual department within the City. He stated that this information is not controversial, but the City Council disagreed with it as it was applied in this situation. He stated his opinion that he expressed several weeks ago to the Council saying that the resumes were private records and that because GRAMA addresses the exchange of records between government departments GRAMA applies on how those should be released and whether they should be released. He stated his opinion has not changed between then and now. He stated he cannot answer the question about why the Mayor chose to release the records today.

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Discussion and debate between the Council, Mayor, and staff then began.

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Discuss City Cemetery burial fees.

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Councilmember Johnson stated he was approached by a citizen who asked why the City is charging for the baby of a burial. He stated there are several other cities or companies that waive their fees for a baby burial and he would like to have a discussion to determine if the City can waive fees in the case of a death of a baby. He stated he feels that would be a good service to the citizens.

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Councilmember Shingleton noted there are some mortuaries that provide free caskets in the case of the death of a baby.

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Mayor Nagle stated the Council had this discussion over a year ago; death is a sad thing and the Council has considered this type of request before. She stated that it is just as sad when a 16-year old dies or just as traumatic for a family when a mother or father dies. She stated that death is a tragedy, but ultimately someone has to pay for it and she asked where the City would draw the line and who would absorb the waived costs.

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Public Works Director Whiteley and Parks and Recreation Director Robinson then provided a brief presentation explaining that costs and reasoning for costs for burials in the City's cemetery.

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Councilmember Lisonbee stated she understands the reasoning that there is a cost for burial no matter the age of the deceased, but she was under the understanding that when an infant is buried the hole must not be dug as deep, but there is no requirement for a vault. Ms. Robinson then stated that a vault is required. Cemetery Sexton Lukes stated that the City does accept a vault/casket combo, but a vault is already required. Councilmember Lisonbee stated her point is that the lot is much smaller and does not require much digging and she asked if the \$100 fee actually requests the costs incurred by the City to perform the burial. She asked if there is a way for the City to determine the actual cost. Ms. Robinson stated the graves for infants are prepared in the same manner as graves for adults, but on a smaller scale.

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Councilmember Peterson stated that he would guess that if a study were performed the costs incurred by the City would actually be more than \$100. Ms. Robinson and Mr. Whiteley agreed.

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Councilmember Johnson asked what is covered by the fee to purchase a burial plot. Mr. Whiteley stated that the plot charge covers the right to be buried in the cemetery and additional fees are incurred at the time of the actual death and burial.

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Councilmember Shingleton stated he would like to discuss this further at the next meeting and he feels the Council can reach some compromise on this issue. The Council agreed to add the item to the next work session meeting agenda.

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Review U.S. Cold Storage Joint Development Agreement.

A staff memo from City Attorney Carlson explained on August 21, 2012 the RDA for Syracuse approved the Economic Development Project Area Plan for the SR-193 area. That plan included over 3.2 million dollars dedicated to tenant outreach. United States Cold Storage (USCS) has purchased approximately half of the project area identified in the plan. Attached is the development agreement which has been negotiated between city staff and USCS. Substantively, it is an agreement to reimburse USCS approximately 24% of the property taxes it pays over the course of ten years, up to a maximum of \$1.2 million dollars. If 24% of the property taxes does not reach \$1.2 million within ten years, USCS will receive less. If 24% reaches \$1.2 million in less than ten years, the agreement will terminate sooner. Although the USCS development will consist of half the project area property, this agreement uses less than 38% of the funds available for tenant outreach. Additionally, this agreement includes a penalty for USCS if its trucks use 700 South.

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Mr. Carlson reviewed his staff memo.

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Councilmember Lisonbee asked if the \$1.2 million comes from Tax Increment Financing (TIF). Mr. Carlson stated that it is from the money specifically that USCS will pay. He stated that it will be 30 percent of the 80 percent; 80 percent goes to TIF and USCS gets 30 percent of that up to the cap defined in the agreement.

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Councilmember Duncan said his understanding is that this is consistent with the agreement the City approved with Ninigret; the \$1.2 million was excluded for USCS. Mr. Rice stated the agreement included \$3 million for tenant outreach and this is \$1.2 of that, but there had been no formal agreement with USCS at that point.

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Councilmember Duncan inquired as to the contentious issues that arose during negotiations of the agreement. Mr. Carlson stated that the two largest issues dealt with the prohibition of trucks on 700 South and the City agreed to post signs prohibiting trucks and to notify of them within 30-days when a violation has occurred and if they can establish that the truck was not related to them, the City will not assess the fine. He stated there was also an issue regarding assignability of the agreement; USCS wanted to be able to sell the property and assign the tax benefit to the next owner. He stated the City answered that USCS can sell the property, but the benefit does not go with that sale. Councilmember Duncan inquired as to what compromises the City agreed to. Mr. Carlson stated that the City agreed to clarify some language and make minor adjustments, but no major compromises were made.

City Council Work Session
November 13, 2012

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Discuss potential petition to disconnect cemetery property from Clearfield City.

This item will be moved to the next meeting.

The meeting adjourned at [7:00:10 PM](#) .

Jamie Nagle
Mayor

Cassie Z. Brown, CMC
City Recorder

Date approved: December 11, 2012