

**MINUTES OF HARRISVILLE CITY
CITY COUNCIL WORK SESSION**

Tuesday, April 16, 2013 – 7:00 p.m.
Council Chambers
363 West Independence Blvd
Harrisville, Utah 84404

PRESENT: Mayor Richard Hendrix, Council Member Bruce Richins, Council Member Paula Knighton, Council Member Michelle Tait.

STAFF: Pamela Crosbie, Finance Clerk, Max Jackson, Police Chief, Gene Bingham, Public Works Director, Jennie Knight, City Recorder.

VISITORS: None.

7:00 P.M. BUDGET WORK SESSION

1. Call To Order.

Mayor Hendrix called the meeting to order.

2. Budget Work Session.

a. Discussion on FY 2013-2014 budget.

Mayor Hendrix informed Council that the Police Chief and Public Works Director are present to answer any questions Council may have. He brought attention to the budget session held two weeks ago where the 3% COLA increase was removed from the budget worksheet. Council Member Paula Knighton asked about the inclusion of a 6% franchise tax on Bona Vista water that was suggested at the last budget session. Pam Crosbie responded this is not an option. Council Member Knighton also inquired about the possibility of a decrease in the Weber County tax line item on property tax. Mayor Hendrix informed Council the County will be decreasing their line item, based on a conversation with John Bond, Weber County Treasurer. He said there is a about a 32% decrease in the county tax line item. This number is based on the assumption the county will be decreasing this line item.

Mayor and Council moved into a discussion on the \$80,000 deficit listed on the previous worksheet. By the time the wage adjustment was eliminated, the deficit was reduced to \$46,000. They agreed this reduction in the county line item could give what is needed to help allow for a wage increase. Council Member Bruce Richins pointed out there is still a \$40,000 deficit after the county line item decrease. Council Member Knighton asked if there is a down side to not recouping this county decrease. Mayor Hendrix said his suggestion is to inform the public how the tax item will be eliminated from one line in the property tax and then included in the municipal tax. Council Member Knighton said she could not see any down side to this proposal. Council Member Wilhelmsen expressed his concern with informing the public correctly as to eliminate the possibility of a misinterpretation like what happened in the past with the North View Fire District. Resident's didn't realize the line item was transferred from the municipal line item to the North View Fire District. Mayor Hendrix agreed that educating the public is the key. Resident's didn't fully understand what happened. He expressed his desire to not attach this increase to any one budget item.

Council Member Tait communicated her concern with regard to whether this tax line item decrease

would be enough to cover a wage adjustment. She proposed going one step further to raise the property tax enough to cover the remaining deficit. Mayor and Council discussed what increase would be necessary to cover the entire deficit. Last year's budget session proposed a 100% increase. Mayor and Council agreed with the inclusion of the county tax relief, the municipal tax would not need to be increased that much. Council Member Wilhelmsen clarified that in actuality the residents would be only experiencing a slight increase. Mayor and Council discussed the latest budget worksheet and the items proposed at the last budget session by City Administrator Bill Morris.

Mayor and Council discussed the pros and cons of giving an employee bonus option. Mayor Hendrix asked for proposed bonus amounts that Council may be comfortable considering. Council Member Knighton suggested deciding where and how much money would be available before Council could pin down an exact amount. They discussed one benefit of giving a lump sum benefit is there is no increase over the course of time to maintain this option.

Mayor and Council again addressed the issue of employee retention. Council Member Wilhelmsen expressed his concern with the turnover that has taken place in the departments. Police Chief Max Jackson said they have lost another employee to Pleasant View City recently, and another position is available with that department as well. He said one of his employees is in the running for this position and his Patrol Sergeant is looking for placement with Utah Highway Patrol. Max Jackson said he has lost four employees over the last two years, and Gene Bingham said he has lost one employee over the last two years.

Council Member Knighton asked why Pleasant View's turnover has such an effect on Harrisville. Max Jackson explained because they work so closely together. When there is an opening they pull from their part time rosters. The majority of our officers are on the part time roster for Pleasant View. He said the only way to eliminate this is to not allow them to work for another department at the same time, but he can't ask them to do that because their salaries are so low here in Harrisville. When the officers see an opportunity for advancement, they leave for the higher salary. Mayor Hendrix said we have well trained officers that are available for part time shifts with other Departments.

Mayor and Council discussed options that might be available to increase city revenue. Discussion was given to increasing the Code Enforcement Division, and actively seeking compliance, not just relying on the complaint based program. Mayor Hendrix pointed out most resident's come into compliance before any fines are imposed. He said this is more to keep the city beautified and would rather not penalize residents. Mayor and Council agreed the complaint based code enforcement program is meeting the city's needs.

Mayor Hendrix reminded Council the employee Christmas bonus was cut in half last year. He suggested if Council chooses to go with a bonus benefit, the full amount should be reinstated and another bonus of the same amount given in June at the end of the fiscal year. He informed Council the current budget has a 3.3% surplus with 3 months remaining in the budget fiscal year. Council Member Tait commented that is not much of a cushion to end the year. Council Member Knighton expressed her opinion that two bonuses would be incomparable to a 10% wage adjustment. Pam Crosbie reminded Council the budget must include a retirement contribution on any bonus paid out to employees.

Council Member Knighton indicated she would support the elimination of the Heritage Days celebration as Council Member Tait had suggested at the previous work session. She suggested holding a small concert in the park, the parade, and end the celebration with the fireworks show. Council Member Richins clarified Heritage Days 2012 only cost about \$5400 last year. Council Member Tait said based on the lack of interest with the theme contest, this is still an option for some savings.

Council Member Richins pointed out advertising on a city Facebook page might possibly increase interest in city events. Mayor Hendrix informed Council there is a Facebook page for the Main Park.

He said most of the cities that maintain their own Facebook accounts are larger and have their own IT department. He said these types of social media can burden small city staffing.

Council Member Wilhelmsen asked what a realistic wage increase might be to make wages more competitive among the departments. Max Jackson explained that most of the Harrisville Police force is willing to work for less because they are happy here. Some are retired from other cities, and this is a second income, but regardless of the few that are collecting retirement elsewhere, Harrisville employees are underpaid. Council Member Wilhelmsen asked if a 15% wage adjustment was more realistic. Max Jackson responded that if the department loses several of the officers who serve in supervisory positions, the city would suffer from the lack of experience when forced to hire newly trained officers. He indicated this has been a concern for some time. The turnover that potentially exists with losing supervisors would be detrimental to the city services received.

Gene Bingham asked if the wage adjustment being considered would be straight across the board for all employees, or would be implemented as a merit adjustment based on performance, balancing the scales of responsibility vs. salary. He expressed his concern that moral is effected when all employees are given wage adjustments not related to their performance. Mayor and Council agree the wage adjustments would be made according to performance evaluations, not straight across the board, allowing for some employees to receive more than a 10% adjustment and some less. Both department heads indicated the performance evaluations are difficult to administer when there is not a wage adjustment attached. Some performance evaluations have continued to be conducted through the interim time, although wage adjustments have not been given for the past several years. Gene Bingham said these performance evaluations are a good opportunity to give employees information necessary to increase their performance.

Council Member Knighton asked if the administrative department would be included in this wage adjustment. Mayor and Council agreed all departments will be considered and the wage adjustments would be given based on merit.

Council Member Richins inquired what the dollar amount would be for a 10% wage adjustment. Mayor Hendrix responded the amount considered last year was around \$165,000 for a wage adjustment. This was based on a 100% property tax increase discussed in last year's budget session. If they considered a 50% property tax increase, the number would be about \$82,000, and allow for a 5% wage adjustment. He said Lynn Fortie would have to insert the numbers into the budget worksheet to show the exact deficit and then Council could assess the necessary property tax increase amount. Mayor Hendrix reminded Council the wage adjustment does effect the budget long term, by including benefit and retirement increases as well. Mayor Hendrix expressed his opinion that the only way to compensate employees and bring them into competitive salaries is to have an increase in property tax through truth and taxation.

Council Member Knighton asked if all are in agreement on the 10% wage adjustment. Mayor Hendrix informed Council there are two separate issues to settle; first to determine whether or not to absorb the decrease in the County Tax line item as a Municipal tax, and secondly whether to give a wage adjustment to the employees. Max Jackson pointed out resident's have had somewhat of a preparation since last year's budget season.

Council Member Wilhelmsen expressed his concern with regard to employee moral from last year's budget sessions. Mayor Hendrix clarified much of that was based on a proposal that was being addressed. He said those were items that needed to be addressed but this year's budget session has not included that proposal. Council Member Wilhelmsen said he didn't want to bring those items back into the discussion.

Mayor Hendrix brought out the discussion that was in place at the previous budget session regarding a Resolution that was passed some time ago, that included a certain dollar amount increase for a certain

number of appointed positions based on years of service, that has not been implemented. He said this has not been implemented for a reason. This is actually an Ordinance that was passed on July 13, 2010. Because of the downturn in the economy, this was not implemented. Council Member Richins said they should have redacted this Ordinance if they did not implement it. Mayor and Council gave discussion on how to address this ordinance, agreeing that if an increase is not given to employees they should redact this ordinance. They agreed to hold discussion on this topic in the future. Mayor Hendrix suggested discussing the 401K options that were previous items in the last budget work session. He said Council seemed to be moving in the direction of eliminating a non-contributory contribution by the city and instating a match policy for employees. He pointed out the cost of this 401 K contribution is \$6,000. If Council were to reduce this to 1%, it would be \$3,000. Mayor and Council discussed various options with 401K contributions and agreed to have Lynn Fortie work up a budget worksheet including a 100% match up to 2% employee contribution, and 50% match up to 4% employee contribution. Council Member Richins suggested either eliminating the contribution or encourage an employee contribution with a match. Mayor Hendrix expressed his concern with requiring a match without compensating this with a wage adjustment. Council Member Knighton asked for clarification on what is currently in place. Pam Crosbie confirmed 401K contribution is at 2% non-contributory. Council Member Knighton agreed giving a wage adjustment would allow for employees to contribute.

Council Member Richins asked if Council was in agreement on whether to move forward with a property tax increase. Mayor and Council agreed that last year's solution to not raise taxes was more of a short term solution. Mayor and Council agreed truth and taxation would likely take place, they just need to determine by what margin. They gave discussion on how to approach the resident's about this increase. They agreed some of the options given by public feedback last year are not viable options. Mayor and Council discussed employee benefits. Gene Bingham proposed implementing an incentive for employees if they have not used any sick leave. One option is to payout a week's pay for every year sick leave is not used. Another option is to cash in unused sick leave to help pay for health insurance after retirement. He explained how down time is saved when employees are not using sick leave just to make sure they aren't going to lose it. Mayor and Council discussed the amount of sick leave accrued in contrast to the amount of vacation. Council Member Knighton asked what the maximum amounts of sick and vacation leave are. Pam Crosbie responded that vacation leave is based on years of service. For 0-5 years, employees accrue 3.8 hours of vacation per pay period. For 5-10 years, employees accrue 4.64 hours of vacation per pay period. For 10-15 years, employees accrue 6.46 per pay period. For 15+ years, employees accrue 8.31 hours of vacation per pay period. Maximum amount of sick leave allowed to carry over from each calendar year is 140 hours. Sick leave is accrued at a rate of 108 hours per year with a maximum amount of 960 hours. Mayor and Council discussed various benefit options. Council Member Wilhelmsen said there has been success in the past in Box Elder County with sick leave incentives, but recently they were forced to change these incentives. Both Max Jackson and Gene Bingham pointed out sick leave is shown as a liability in the budget, but in actuality it is not. Pam Crosbie clarified the money must be set aside for this budget item. Gene Bingham stated there are incentives for working for the government that are not in place in the private sector, to compensate for lower wages. Pam Crosbie said North Ogden has a policy in place for a sick leave incentive program. Mayor Hendrix suggested Council readdress this issue and asked Pam Crosbie to check with North Ogden about their existing policy.

Mayor Hendrix asked Max Jackson if the police department could possibly cut back one full time position to an 8 full time position force. Max Jackson said they have tried this in the past and it did not prove to be cost effective in the end because patrol shifts had to be covered by part time employees to allow for the Lieutenant and Sergeant to complete their duties. He pointed out Pleasant View gets by

with an 8 man force but we have more calls for service because of Wal-Mart. Mayor and Council gave discussion on the amount of calls for service and how this relates to the full time officers. Mayor Hendrix suggested wrapping up the budget work session with the following key points. Mayor and Council agreed that acquiring the Weber County Line Item in property tax will require going through the truth and taxation process. To include a 10% wage adjustment in the budget worksheet, highlighting any area which is creating a deficit so Council can determine the amount needed for the property tax increase. Adding the 401K option as an employee match set at 100% match for 2% contribution, or a 50% match up to 4% contribution. Mayor Hendrix set the next budget session for Tuesday, April 23, 2013 at 6:00pm preceding the regularly scheduled City Council meeting.

3. Adjourn.

Mayor Hendrix motioned to adjourn at 8:40p.m.

RICHARD HENDRIX
Mayor

ATTEST:

JENNIE KNIGHT
City Recorder

Approved this 14th day of May, 2013