

**MINUTES OF HARRISVILLE CITY
CITY COUNCIL WORK SESSION
Tuesday, July 17, 2012 – 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, Council Member Grover Wilhelmsen.

STAFF: Bill Morris, City Administrator, Jennie Knight, City Recorder, Lynn Fortie, City Treasurer.

VISITORS: Don Knighton

1. Budget Work Session.

Mayor Hendrix called the meeting to order.

Bill Morris presented a 5th option to the previously discussed 4 options presented to remedy the budget deficit. He informed council of his discussion with Lynn Fortie. If the wage increase for employees is removed from the tentative budget, there is essentially a deficit of \$60,000 to address. The department heads agreed to try to reduce their budgets collectively and eliminate the deficit. Police Chief Max Jackson reduced budget line items such as gasoline, office supplies, printing, and ammunition. He cut down on grants and computer equipment, zeroed out the physical fitness incentive, and reduced travel and training. He eliminated the seat belt and EUDL line items. Lynn Fortie clarified the last two expenditures will not help balance out the revenue received because the money is received from the state in grant monies for those two programs. If the expenditure is removed, the revenue is also removed as a pass through account. Bill Morris indicated Gene Bingham ran into a similar issue with eliminating the money paid into the motor pool fund. They are on a strict amortization period that eliminates the possibility of reducing those items.

Bill Morris reported the administrative budget was cut as well. The Employee Christmas bonus was cut by half. The previous \$350 bonus given will be cut to \$175. The Christmas party was completely eliminated.

Mayor and Council discussed possibly implementing an employee match policy for the 401K contribution. The city currently does not require employees to match the contribution given by the city. Public Safety receives 3%, and 4% is contributed for the Public Works and Administration departments. Mayor and Council discussed the two employees who are receiving a significantly higher contribution because they are not receiving a state retirement contribution.

Council Member Knighton asked about keeping the city cars for another year now that used cars are not as useful. She asked about possibly extending the payback period for city vehicles by another year, but expressed concern for whether the cars would last that long. Mayor Hendrix pointed out that by waiting out the warranty period, and then selling off the vehicles the city saves money rather than depleting the city motor pool fund with car repairs when the vehicles are older. Mayor Hendrix asked council if they have given any more thought to a property tax increase. He said some of the other options are just "band-aiding" the problem. Bill Morris said with the approval of some subdivisions, the city can anticipate receiving some revenue through building permits. Council Member Knighton wondered if a reduced property tax increase would cover all the expenditures with recent loss in revenue.

Bill Morris reported he gave an interview to the Salt Lake Tribune. The interviewer indicated Harrisville has proposed one of the highest property tax increases in the state. He said once he provided property tax comparisons, the interviewer realized that Harrisville has one of the lowest property tax rates, so by doing an increase, the proposed increase is a significant percentage.

Mayor and Council discussed possibly reducing the overall city 401K contribution to 3% for all employees. Reducing the 401K contribution would save \$22,000. There are additional savings of approximately \$30,000 in police budget cuts and approximately \$17,000 in public works. Mayor Hendrix pointed out the tentative budget has a proposed wage increase for all employees of 7.5% that may be reduce to 5%. He said the department heads have year-end totals to use to prepare the cuts to the tentative budget for the new fiscal year. Bill Morris pointed out Harrisville City does not have any debt. The city financial status is still healthy. Council Member Allen asked for clarification on where the cuts would be coming from. Bill Morris responded that the administrative budget was cut by approximately \$9,800, the public safety budget by approximately \$30,000, and the public works budget by approximately \$17,100. There are several unknown factors in the budget such as the price of gasoline and the amount of snowfall we will receive this winter. Public works cut their fuel bill by \$5,000.

Council Member Knighton suggested eliminating the stipend paid to the planning commissioners which would cut approximately \$4,000 from the budget. After discussion on this option, council agreed to leave the planning commissioners stipend to help compensate for good people in service.

Council Member Richins inquired as to the need for a property tax increase if they are able to reduce the budget by \$60,000. Mayor Hendrix said the majority of the property tax increase was to support a wage adjustment. He said \$90,000 of the tentative budget was to fund the wage adjustment. When that element is removed, the \$60,000 deficit remains. Council Member Knighton said having good employees is vital to dealing with the loss in resources. She referenced the motto "Work Harder, Work Smarter".

Council Member Allen asked what savings would be offered through an 80/20 contribution on health insurance. Mayor and Council discussed how benefits have brought employees to the city, and if benefits are reduced, there may be a negative impact on staffing issues. Lynn Fortie clarified that if the employee wage increase is removed, there will still be a \$60,000 deficit in the budget. Mayor and Council discussed removing the employee wage increase, implementing the proposed deductions from each department head, and reducing the 401K contributions for the two employees who are receiving larger contributions. With these proposed changes, Mayor and Council discussed whether a property tax increase would be necessary. They decided if there is any money left by the end of the fiscal year, a one-time bonus could be offered to employees rather than a wage increase. Mayor and Council discussed the wage analysis and how the retention issue with employees began in the first place.

Mayor Hendrix reminded council of the shift in duties of the parks and recreation director and that council had committed to re-evaluate this position for a possible \$2,500 increase in wage. He suggested council formulate a plan to compensate this employee when working on the budget. He acknowledged the parks and recreation department has received many compliments with the opening of the city splash pad. Council Member Richins suggested adding that compensation to the final budget worksheet.

Mayor and Council discussed the many job duties of all the city employees and how that issue is where the proposed tax increase began in the first place. Mayor Hendrix voiced his concern that when the property tax notice went out to the public, the focus became the wage increase for employees as being the reason behind the property tax increase. When in reality the city budget has a deficit of \$60,000, regardless of the proposed employee wage increase. Lynn Fortie pointed out there are many factors involved when calculating out the totals. He stated when

actual amounts are used, they may be higher than what was projected, and that is where the rainy day fund is used.

(Council Member Wilhelmsen joined by conference call) Mayor Hendrix filled in Council Member Wilhelmsen with regard to the budget discussion.

Bill Morris suggested there is justification for the increase due to the Parks and Recreation Director because of the unusual circumstances of his position. Council Member Tait said the increase in salary for this employee should be part of the proposed budget. Council Member Allen suggested giving back the fitness bonus to the public safety officers.

Lynn Fortie reminded Council that all of the numbers used in these scenarios are estimates. Council Member Wilhelmsen suggested projecting into the future to determine what the city needs will be, and whether there will be any way to reduce the budget in the future without implementing the proposed property tax increase. Bill Morris indicated there is still room with adjusting the city's contribution to health benefits and also 401K contributions. He also said there is the possibility of seeing an increase in revenue through building permits. He advised council there are opportunities within planning and zoning changes for revenue.

Council Member Allen suggested balancing the budget for this year, without the proposed property tax increase. Council Member Richins agreed with tightening up the budget. He relayed his concern with the recession being a tough time for a property tax increase. Council Member Knighton suggested that is exactly why the property tax increase was proposed in the first place, to address the city needs with regard to employee retention.

Bill Morris pointed out that when Council first discussed the salary study and wage increases for employees, the city was enjoying healthy revenues. He said with council's direction, he will approach staff to clarify the misconception that all of the staff will be receiving a pay increase. Council Member Wilhelmsen expressed his concern of using rainy day funds to balance the budget. He suggested Council have a reserve in place for the next fiscal year. Mayor Hendrix asked Lynn Fortie if the Capital Projects fund is available to balance the budget. Lynn Fortie clarified the council can authorize opening the budget to access Capital Projects funds.

Council Member Allen asked about the possibility of giving staff a bonus if they decide against the wage adjustment. Bill Morris reminded council that staff received a bonus in May 2012. He suggested council wait until the end of the next fiscal year to give a bonus.

Council Member Wilhelmsen asked about the two employees receiving over 10% contribution by the city in their 401K that was discussed earlier in the meeting. Mayor Hendrix said all other public safety employees receive 3% contribution. He explained these two individuals are receiving 21% 401K contribution because they are not receiving any contribution to the state retirement. Lynn Fortie clarified that with the proposed changes in the tentative budget, this amount was actually more like 31%. Council Member Allen said there is no requirement for the city to contribute to this extent. Mayor and Council discussed the possibility of giving this contribution through a wage adjustment for these two employees. Council Member Allen wondered if this would create issues within the public safety department if a wage adjustment is made for only these employees. Council Member Allen acknowledged that one of these employees is Police Chief Max Jackson, whom he feels is underpaid. He made the comparison that if Chief Jackson were to transfer to Weber County Sheriff's Department as a Lieutenant; he would receive a \$7,000 increase. Bill Morris pointed out there is an administrative difference between running a public safety department with nine employees and overseeing a staff of 24. Council Member Wilhelmsen credited the department heads with taking care of their employees. He said there are two issues to be resolved; first to balance the budget, second retaining employees.

Mayor Hendrix suggested doing away with the 401K contribution, and giving the money straight to employee wages. Council Member Allen agreed with letting employees decide where they

would like to invest the money. He suggested implementing a mandatory 401K contribution match. Lynn Fortie said Riverdale City implemented this change a few years ago, but there was not a lot of change as the result.

Mayor and Council discussed how to address the issue of the other employee receiving a higher 401K contribution. They agreed based on this individuals past experience, a wage adjustment could be justified. Council Member Knighton asked for clarification on why these employees were receiving a different amount. Council Member Allen responded because these individuals do not receive any contribution into the state retirement fund, they are receiving a higher 401K contribution. Mayor Hendrix agreed to meet with Max Jackson regarding the 401K contributions.

Mayor and Council agreed to remove the wage adjustment with the tentative budget. Lynn Fortie informed council the deadline to stop the truth in taxation process has already passed. He explained someone needs to be available the night of the proposed public hearing because the county advertisement has already been submitted to the local newspaper. He asked if council has decided against a property tax increase, would they rather not run the additional advertisement required for the truth in taxation process to save that expense. He further clarified if the advertisement is not sent through the local paper, the state will not allow for a property tax increase, because the proper notification was not made.

Council Member Allen suggested still holding the public hearing for an opportunity to meet with the public about the property tax increase. Council Member Knighton agreed this would give council an opportunity to show they have made every effort to balance the budget without a property tax increase this year, but may have to reconsider this as an option in the future. Council Member Wilhelmsen asked if there is a penalty for not continuing. Lynn Fortie said there is no penalty with the county, as long as council recognizes there is not an option for a property tax increase if the city advertisement does not run in the local newspaper. Bill Morris clarified the truth in taxation process includes two separate advertisements being run in the newspaper. One advertisement run through the county listing Harrisville as an entity considering a property tax increase, with the date and time of the public hearing, and the other run through the city. Council Member Allen said he will not vote for a tax increase, so not to run the advertisement. Council Member Richins said not to run the advertisement. Council Member Tait said she would not vote for a tax increase, and not to run the advertisement. Council Member Knighton said she would like to have all options available, but did not want to incur the expense of an unnecessary advertisement if the council is voting against the property tax increase. Council Member Wilhelmsen agreed with Council Member Knighton. Bill Morris suggested not running the advertisement, and instead use that money to help balance the budget. Mayor Hendrix agreed to not run the advertisement. Council Member Wilhelmsen clarified the Capital Projects fund could be used in an emergency to balance the budget. Bill Morris directed Jennie Knight to not run the city advertisement in the local newspaper.

Mayor Hendrix acknowledged what a difficult decision this has been for the city council and staff. He recognized that salaries of city employees are public information, which creates some difficulty for staff when all of these issues are discussed so openly. He said he will meet with Max Jackson regarding the 401K contributions and also Lynn Fortie to prepare the final budget worksheet.

2. Heritage Days.

Council Member Allen reported on his assignments. He said Ryan Walker designed a new poster for Heritage Days. He suggested council order him a t-shirt and gift card for his work. Once the new poster design was finished, he made large posters and delivered them to all of the sponsor locations for advertisement.

Council Member Wilhelmsen offered a personal donation of \$100 for Heritage Days from Classical Strings to be used for Harrisville's Got Talent. Council Member Knighton expressed her desire to use the donation from Treasure Fire appropriately. They indicated they would like to

support safety. Council Member Tait suggested buying 72-hour car kits to give away during the awards ceremony with the donation.

Council Member Allen reported local Harrisville resident, Craig Stephens, is organizing the 5k. There will be a timed run offered for \$15, including t-shirt, and a free fun run. Fun run participants can purchase shirts for \$10. 5k shirts will be pre-ordered only. Council Member Allen presented the design for staff shirts. They will have the 50th Jubilee logo on the front with staff written underneath. Mayor and Council discussed color and agreed to order running style shirts for staff.

Council Member Allen reported Milissa Ferguson has all the signs for the parade. He said he included signs for all the previous Harrisville Mayors. Mayor and Council agreed to allow candy during the parade. Council Member Richins said he will order prizes for the parade and the Youth City Council fishing pond.

Jennie Knight reported she received permission from Weber County Health Department to use the Animal Shelter Adoption Trailer at Heritage Days. They will be required to setup by the restrooms to allow for a hand washing station. Mayor and Council agreed to setup the adoption trailer where the car show is usually held.

Council Member Wilhelmsen will have a prototype on the Harrisville Mayor plaques to be given out during the evening history program. Mayor Hendrix asked if the sound system provider will have a projector and screen available for the history program. Council Member Wilhelmsen said that was part of the contracted agreement with the sound provider.

Council Member Wilhelmsen said all of the Harrisville's Got Talent slots are filled. The auditions went well and they are able to include all the participants. (Council Member Wilhelmsen excused himself from the remainder of the meeting)

Council Member Tait prepared forms for the kid's games and activities with sign up blocks and instructions for the volunteers. Council Member Knighton reported she has gone through all the left over prizes from years past and purchased new prizes for the free activities. Jennie Knight informed Council of the sales tax packets received for vendor booths. Mayor and Council agreed to distribute the packets to the vendor booths at Heritage Days.

Council Member Tait said she ordered enough cakes from Wangsgards, with the Jubilee Logo on top, to serve 600 people. Mayor and Council discussed how to distribute the cake and ice cream and how to keep the ice cream chilled until serving. Mayor and Council discussed whether there is a need to rent a freezer. Council Member Knighton suggested one of the council's spouses could possibly help with picking up and delivering the cake and ice cream at the appropriate time. Mayor and Council agreed to serve cake and ice cream until it runs out.

Council Member Allen agreed to make any signs needed for sponsors, booths, or other information. Council Member Tait thanked Don Knighton for his efforts to deliver the business prize canisters. Mayor and Council discussed the drawing boxes needed for attendance prizes for the evening events.

Mayor and Council discussed having the 3 on 3 basketball tournament, and whether to run the tournament the same time the other activities are taking place. Mayor Hendrix agreed to check with last year's sponsor to see if he has already starting preparing for this year's tournament. Mayor and Council discussed the Heritage Days budget. Council Member Allen reported that advertising costs are surprisingly high. Council Member Tait speculated costs are way below what has been spent in the past. Mayor and Council agreed to continue Heritage Days communication through email until the next council meeting scheduled July 31, 2012.

Council Member Allen motioned to adjourn at 9:30p.m.

RICHARD HENDRIX
Mayor

ATTEST:

JENNIE KNIGHT
City Recorder