

**MINUTES OF THE COTTONWOOD HEIGHTS CITY COUNCIL WORK SESSION HELD TUESDAY, APRIL 21, 2020 AT 5:00 P.M. MEETING WAS HELD ELECTRONICALLY, WITHOUT A PHYSICAL LOCATION DUE TO THE CURRENT COVID-19 PANDEMIC AND AS AUTHORIZED BY THE GOVERNOR'S EXECUTIVE ORDER DATED 18 MARCH 2020**

**Members Present:** Mayor Mike Peterson, Council Member Scott Bracken, Council Member Tali Bruce, Council Member Christine Mikell, Council Member Douglas Petersen

**Staff Present:** City Manager Tim Tingey, Police Chief Robby Russo, Public Works Director Matt Shipp, Community and Economic Development Director Michael Johnson, Records, Culture and Human Resources Director Paula Melgar - City Recorder, Finance and Administrative Services Director S. Scott Jurges, City Attorney W. Shane Topham, Assistant Fire Chief Riley Pilgrim

**WORK SESSION**

**1. Welcome – Mayor Mike Peterson.**

Mayor Peterson called the meeting to order at 5:00 p.m. and welcomed those present.

**2. Staff Reports.**

**a. Benefits and Compensation Committee Report – City Manager, Tim Tingey and City Council Members Tali Bruce and Doug Petersen.**

City Manager, Tim Tingey reported that the Benefits and Compensation Committee met several times to discuss various issues and scenarios. During the most recent meeting the previous week, the Committee discussed market adjustments, merit, and Cost of Living Allowance (“COLA”) increases. The Committee recommended that the City hold off on market, merit, and COLA adjustments due to the COVID-19 crisis. The Committee will reevaluate the issues at a later date when economic conditions improve. Mr. Tingey stated that it is possible to meet again as the full Council and amend the budget at that point. The Committee also discussed incentive options and bonuses for employees. Mr. Tingey reported that they opted not to recommend those incentives.

Council Member Bruce and Petersen expressed gratitude for the effort that went into the review and apologized to City employees who were anticipating a salary increase.

Mayor Peterson reported that most other cities in the Salt Lake Valley are following the same decision-making process concerning delaying COLA and merit adjustments. Other cities have also put hiring freezes in place. Mayor Peterson commented that a compensation study took place in the City but has not yet been submitted to the full Council.

**b. Budget Committee Report – City Manager, Tim Tingey and City Council Members Christine Mikell and Scott Bracken.**

Mr. Tingey reported that the Budget Committee met twice over the last four weeks to look at a variety of issues. The Committee began meeting before the COVID-19 crisis and has changed perspective since that time. The Budget Committee reviewed the memorandum sent to the Council in detail. There were some areas with no agreement that need to be addressed as a full Council. The Committee recommended looking at a six-month time frame during which massive reductions in sales tax were anticipated.

**c. Proposed Tentative Budget Discussion – City Manager, Tim Tingey and Finance and Administrative Services Director, Scott Jurges.**

Finance and Administrative Services Director, Scott Jurges presented the budget memorandum and explained that the first step toward developing next year's budget is to project the current year's budget and understand how much balance there will be. It was projected that there will be about \$3,850,000 in Fund Balance in the General Fund only. This is a reduction of \$433,000 over the current beginning fund balance, which is about \$127,000 higher than the City budgeted. Mr. Jurges reported that some of that is attributed to being ahead in sales taxes. Though there will be a reduction in sales taxes due to COVID-19, the City believes there are sufficient funds in the General Fund and that, combined with limited expenditures, will help the City.

Mr. Jurges reported that the City is required by State statute and City ordinance to reserve 6% of budgeted revenues. The City also has funds reserved for PTO for employees. Taking these into account, Mr. Jurges stated that there is just over \$2,000,000 available for appropriation starting July 1, 2021, and going forward.

Mr. Jurges discussed revenue and projections to determine the amount available for the budget. He stated that property taxes are one of the City's largest sources of revenue. They are very stable and the City projects a \$50,000 increase as a result of new growth. Mr. Jurges state that the City will get actual new growth numbers in June when the County Auditor puts forth new Certified Tax Rates. The \$50,000 increase will bring the budget to \$8,000,000.

Mr. Jurges explained that the major question in the budget is sales taxes. Staff studied the 2008-2011 recession and found that there was a maximum reduction of about \$845,000 during that period. This translates to about \$70,000 per month. Staff believes this financial period will be worse than 2008-2011 in terms of reductions, especially in the early months of the crisis. Staff estimated a reduction of \$100,000 per month. Mr. Jurges stated that if reductions go for a full annual period that would be \$1,200,000 or an 18.9% net reduction of the City's sales tax revenues. He reported that staff is actively seeking input from the State, County, and other entities to gain more information. The latest information received from the County shows a baseline estimate of an 11% reduction for the calendar year. Staff thought that sales tax revenues will drop off quickly and come back gradually over time. Mr. Jurges commented that getting exact sales tax figures in early July will be immensely helpful as the City can then base decisions on real information. In response to a question raised, Mr. Jurges stated that the total reduction will be \$600,000.

Mr. Jurges provided an overview of taxes other than sales tax. The County Option Highway Sales Tax is budgeted at \$600,000 and is not projected to change from the current budget. The Energy Use Tax revenue is projected to see a 4 to 5% reduction. Staff recommended a budget of \$1,950,000, which matches current projections. Mr. Jurges explained that the Fee in Lieu of Property Tax comes from renewing vehicle registrations. This is budgeted at \$425,000 and is not expected to change. Franchise Taxes come from Cable TV revenue. Mr. Jurges reported that the revenue for this tax is currently budgeted at \$310,000, which represents a reduction of \$15,000 and matches current projections.

Mr. Jurges reviewed other forms of revenue. Class C Road Fund revenue is budgeted at \$1,200,000, which is a reduction of \$30,000. Class C Road Funds are based on gas taxes and the City has not seen any direct projections or real figures on gas taxes. The School District Resource Office will continue to be included in the budget. Event revenue from Butlerville Days and the City play are budgeted at \$41,000. Mr. Jurges explained that if these events are canceled, there will be no revenue but expenditures will also decrease. The City had not made many expenditures toward these events. Staff recommended a \$5,000 increase on municipal center rents. Mr. Jurges reported that interest revenues are built with a \$25,000 overall increase that matches projections and leaves some leeway.

Combined other changes showed a reduction of roughly \$121,000. Total revenues budgeted are \$19,972,000, which represents reductions of \$543,000 from the current original 2019-2020 budget.

Mr. Jurges reviewed budgeted City expenditures and any changes that were recommended. The City conducted a market study over the previous six months and found that pay adjustments are needed to match average compensation for most jobs in the City. Due to the COVID-19 crisis, however, staff recommended no change for a market adjustment.

Mr. Jurges reported that a COLA increase would add an expenditure of \$165,000 and apply to all employees who are not out of their current market range. Mr. Jurges did not recommend this option now due to uncertainty in the market.

Mr. Jurges explained that merit expenditures are used to award an employee for improved job performance over time. While the City typically provides merit increases, Mr. Jurges did not recommend it at this time due to uncertainty in the market.

Mr. Jurges reported that the City realized a 6.5% reduction in health costs. This was largely driven by lower utilization by employees. There was not change to dental and insurance costs. The year-over-year budget for the current employee base saw a reduction of about \$35,000 due to employee turnover. Mr. Jurges explained that the total employee cost changes show a reduction of \$91,000 from the current budget. He recommended revisiting different adjustments and increases at a time when revenues can justify the expense.

Other departmental issues were addressed. Mr. Jurges explained that election expenses were removed since there will be no elections this year. He recommended adding \$50,000 to the Liability and Auto Insurance to cover a liability deductible the City needs to pay in the event of damages. Funding to utilize an Intern to perform a market study and a City survey by Y2 Analytics was removed from the budget because they will not be done again. Staff recommended no changes to the City Attorney, Mayor, City Council, City Manager, Records, Cultural Human Resources, Finance, or IT budgets.

Mr. Jurges addressed two items involving City Hall maintenance. One involved an allocation of \$25,000 for major expenditures such as a new roof or HVAC equipment, which could be added over several years. The other was \$5,000 to cover day-to-day City Hall maintenance issues.

Mr. Jurges noted that the Fire Department budget had not yet been finalized but will likely see an increase. The Department had an increase in costs and it was not recommended that any employee-based increases be offered at this time. Mr. Tingey indicated that he would have further discussions with UFA.

Mr. Jurges discussed other items that need to be considered and that final decisions have not yet been made. These include the County Park and Ride allocation of \$6,500, County-owned parks that have been transferred to the City, snow removal in the additional parks, the trailhead/nature park/dog park in Ferguson Canyon, Big Cottonwood Canyon Trail maintenance, possible incentives for employees, and possible reductions in the annual contribution to the Central Wasatch Commission.

Mr. Jurges reported that the overall expenses are recommended at roughly \$17,500,000 which is an increase of roughly \$60,000. Transfers out of the General Fund would be \$1,800,000 for the Capital Projects Fund with Public Works. These funds would go toward street striping, neighborhood projects, and prep work for the following year. He emphasized the importance of re-budgeting items when more information is available later in the year.

Mr. Jurges summarized the information presented and reported that an overall impact of \$100,000 per month net downturn is projected with losses primarily in sales tax. The new budget attempts to keep the City's costs as flat as possible and reflects only increases previously committed to or beyond City control. Staff recommended a hiring freeze and no employee increases until more economic stability is demonstrated. Capital projects that are funded with General Fund dollars could be altered or delayed to allow additional funds to become available in the General Fund.

The Council discussed the potential timeline for the COVID-19 crisis and Mr. Tingey highlighted the importance of looking at financial issues at least once a month continually. Some larger capital projects will be pushed back to ensure that funds are available. Staff was closely tracking whether federal stimulus money will be available to the City, although little was currently known. Council Member Mikell proposed asking for State funding from Utah's Rainy-Day Fund. Mr. Tingey committed to making contact with someone from the State on this issue.

Mr. Tingey addressed the proposed Park and Ride and the Interlocal Agreement with the County for \$6,500. The County has a practice of receiving financial contributions from cities in which the facilities are located. Mayor Peterson commented that this is an opportunity to show partnership and support to the County for an immaterial amount of money.

Snow removal on interior trails in Golden Hills and Mill Hollow Parks was discussed. Mayor Peterson reported that these parks are used by walkers year-round. He proposed including \$2,000 for both parks in the budget subject to staff creating a policy and guidelines. He also proposed conducting a liability evaluation to see if there are liability issues above and beyond those that already exist.

Mr. Tingey discussed the trailhead/nature park/dog park in Ferguson Canyon. Staff performed preliminary design work and estimated the costs could be up to \$1,400,000. There is \$125,000 allocated in this year's budget toward a commitment of \$550,000 for an agreement with the County on the site. Mr. Tingey proposed that Bonneville Shoreline Trail Grant funding be utilized to cover some of the costs. He stated that \$1,000,000 of Bonneville Shoreline Grant Fund money is committed which leaves roughly \$500,000 for this project. He noted that the City needs to evaluate CDRA funding going forward, which can take six months or longer. The commitment to the County requires the City to construct a trailhead, bathrooms, and a park area on the site. In 2008, the City committed to spending \$550,000 to accomplish these goals. The dog park would be subject to input from residents and the City Council. Mr. Tingey reported that there could be different ways to phase the project to save costs although completing it all at was the least expensive.

Community and Economic Development Director, Michael Johnson provided background on the site and stated that the property was acquired in 2008 using County Open Space Funding. The agreement with the County included the construction of a trailhead, restrooms, and a park. The funds used to purchase the property are restricted in terms of use and a Park and Ride is not one of the specified uses. Mr. Johnson explained that about six years ago the City submitted a Congestion Mitigation Air Quality ("CMAQ") federal grant application for a Park and Ride to reduce vehicular trips up Big Cottonwood Canyon. The 2008 agreement with the County was in place when the CMAQ grant was submitted and the 2008 agreement does not specify that a Park and Ride is an acceptable use for the site. The total grant award was \$1,500,000 to build a Park and Ride which does not comply with the Interlocal Agreement with the County. The two agreements are at odds with one another.

In response to a question raised by Council Member Mikell, Mr. Tingey clarified that if the City chooses not to build the Park and Ride on the site, the money goes back to the federal agency and the City will need to reapply and compete for the grant again.

Mayor Peterson expressed support for using the CDRA and some of the Bonneville Shoreline Trail Fund. He believed the Bonneville Shoreline Trail will have further opportunities in the future. Council Member Mikell expressed concern with using the Bonneville Shoreline Trail Fund for this project as she would like to see more linear hiking footage added rather than increased parking. She proposed getting input from the Parks, Trails, and Open Space Committee to see how they feel about using funds for this.

The Council agreed with proceeding to complete the design work for the site, setting a time frame for a public hearing, and having the Parks, Trails, and Open Space Committee provide input. He proposed that an extension be requested from the County due to budget concerns surrounding the COVID-19 crisis.

Mr. Tingey addressed Big Cottonwood Trail maintenance and explained that it is currently budgeted and is on hold. The City received TRCC funding for maintenance and signage, but the County is not going to fund it this year due to COVID-19. The City's options are to move forward hoping to get reimbursement or hold off on the project until the awarded TRCC funds are available.

Mayor Peterson proposed using CDRA funding for the project. There would not be a reimbursement from TRCC if CDRA funds were used now, so it was a second choice.

Mr. Tingey reported that the Budget Committee proposed the practice of providing incentives for employees who come up with good ideas to either save the City money or provide needed services for minimal or no increase in cost. The Compensation and Benefits Committee did not recommend this. Though there is no City policy prohibiting unbudgeted, small awards to employees, Mr. Tingey was wary and would want a firm process and guidelines to be in place.

Mayor Peterson addressed a possible reduction in the City's annual \$50,000 contribution to the Central Wasatch Commission. The Mayor proposed the fee be decreased by 50%. It was reduced by 10% and Mayor Peterson committed to asking for an additional 10% decrease. He stated that the current amount in the budget should be \$45,000.

Mayor Peterson proposed additional items for consideration. He recommended that the \$50,000 allocated for the 50/50 Sidewalk Program be put on hold for one year. This program allows citizens to share the cost of repairing sidewalks in front of residences with the City. The program needs to be reevaluated as vendors are no longer able to repair small sections of sidewalk.

Mayor Peterson reported that at a conference with Mayors from around the valley shared what they will be doing regarding mass gatherings over the next six months. He cited several cities that are canceling mass gatherings. He proposed putting a hold on Butlerville Days as the City may not be able to go forward with the event.

Mr. Tingey expressed appreciation to the City employees and regretted that salary adjustments and increases cannot go forward at this time. His goal was to keep the employees whole and hoped the Council would consider this goal when drafting the budget.

In response to a question raised, City Attorney, Shane Topham clarified that no public notices are required to adopt the Tentative Budget. It was agreed the goal would be to adopt a Tentative Budget by May 5, depending on what is accomplished at the April 28 meeting.

Mr. Juges briefly discussed his research in department comparisons with other municipalities. He reported that many cities categorize funds differently and a direct comparison is difficult. His research focused on General Fund budgets in other cities. Some cities have very large Miscellaneous Funds that do not specify how funds are allocated.

Mr. Topham described the process of accepting public comments over Zoom. Citizens will be notified and may write in. Comments received before the meeting will be read into the record. Mr. Topham indicated that this is what many other cities are doing.

### **3. Review of Calendars and Upcoming Events.**

Council Member Schedules for the next week - 2020 Calendar:

- a. April 28 – Council Work Session (approximately 5:00 p.m.) and Business Meeting (approximately 7:00 p.m.)
- b. May 15 – Approximately 5:00 p.m. – Council Budget Work Session.

- c. May 19 – Approximately 7:00 p.m. – Council Work Session (approximately 5:00 p.m.) and Business Meeting (approximately 7:00 p.m.) including Adoption of Tentative Budget.
- d. June 2 – Approximately 7:00 p.m. Council Work Session (approximately 5:00 p.m.) and Business Meeting (approximately 7:00 p.m.) including Public Hearing on Tentative Budget.
- e. June 16 – Approximately 7:00 p.m. – Council Work Session (approximately 5:00 p.m.) and Business Meeting (approximately 7:00 p.m.) including Adoption of Final Budget.
- f. July 17 and 18 – Butlerville Days – PENDING.

4. **Closed Meeting to Discuss Litigation, Property Acquisition and/or the Character and Professional Competence or Physical or Mental Health of an Individual.**

There was no closed meeting.

5. **Adjourn City Council Work Session.**

**MOTION:** Council Member Bracken moved to close the Work Session. The motion was seconded by Council Member Petersen. The motion passed with the unanimous consent of the Council.

The Work Session adjourned at 8:13 p.m.

*I hereby certify that the foregoing represents a true, accurate and complete record of the Cottonwood Heights City Council Work Session held Tuesday, April 21, 2020.*

Teri Forbes

Teri Forbes  
T Forbes Group  
Minutes Secretary

Minutes Approved: May 5, 2020