



# HIGHLAND CITY COUNCIL BRIEF

## Tuesday, April 16, 2019

Highland City Council Chambers, 5400 West Civic Center Drive, Highland Utah 84003

### **7:00 PM REGULAR SESSION (CITY COUNCIL CHAMBERS)**

Call to Order – Mayor Rod Mann

Invocation – Council Member Kurt Ostler

Pledge of Allegiance – Council Member Brian Braithwaite

### **1. UNSCHEDULED PUBLIC APPEARANCES**

Time has been set aside for the public to express their ideas, concerns, and comments. (Please limit comments to three minutes per person. Please state your name and address.)

*Mike Martin was interested in hearing an update regarding Canal Boulevard (East West Connector).*

### **2. PRESENTATIONS**

#### **a. YOUTH COUNCIL UPDATE**

*There was no Youth Council update.*

#### **b. AMERICAN FORK CHAMBER OF COMMERCE**

*Josh Walker, President of American Fork Chamber of Commerce oriented the Council regarding a proposal for Highland City to join the Lone Peak Business Alliance which serves businesses in Highland, Alpine, and Cedar Hills.*

### **3. CONSENT ITEMS**

Items on the consent agenda are of a routine nature or have been previously studied by the City Council. They are intended to be acted upon in one motion. Council members may pull items from consent if they would like them considered separately.

#### **a. ACTION: Approval of Meeting Minutes - PASSED**

Regular City Council Meeting March 19, 2019

*Next step: Approved minutes will become part of the permanent record.*

#### **b. ACTION: Olmsted Power Loss/Carriage Agreements - PASSED**

Council will consider an agreement with Central Utah Water Conservancy District regarding changes in water carriage costs. The Council will take appropriate action.

*Next step: The approved contracts will allow the city to use late season irrigation water through Central Utah Project's water system.*

#### **c. ACTION/RESOLUTION: Utah County Elections Contract - PASSED**

Council will consider a contract with Utah County to administer the Vote by Mail Municipal Election for 2019. The Council will take appropriate action.

*Next step: Utah County will administer the 2019 Highland City Municipal Election by Vote by Mail.*

#### **4. ACTION: 2019 ROAD RECONSTRUCTION PROJECT CONTRACT - PASSED**

Council will consider approving a contract with Black Forest Paving for an amount not to exceed \$867,654.45 for the 2019 Road Reconstruction Projects. The Council will take appropriate action.

*Next step: Staff will work with Black Forest Paving to complete the 2019 Road Reconstruction projects.*

#### **5. ACTION: LONE PEAK PUBLIC SAFETY DISTRICT INTERLOCAL AGREEMENT AMENDMENTS - CONTINUED**

City Council will consider an amendment to the Interlocal agreement with Alpine City regarding the operation, administration, and funding of the Lone Peak Public Safety District. The Council will take appropriate action.

*Next step: Staff will work through the suggestions made by Council and will bring amendments to the Interlocal Agreement at a future Council meeting.*

#### **6. ACTION: WATER CONSERVATION - PASSED**

The City Council will consider an adoption of a new chapter in the Highland City Municipal Code, Chapter 13.70 Water Conservation. The Council will take appropriate action.

*Next step: The approved Water Conservation chapter will become part of the Highland City Municipal Code.*

#### **7. DISCUSSION: 2019/2020 FISCAL YEAR BUDGET**

Council will discuss the proposed 2019/2020 Fiscal Year Budget.

*City Administrator Nathan Crane updated the Council with a brief overview of the 2019/2020 Fiscal Year Budget. He reviewed the General Fund revenue and expenditures. He also made them aware of requests for an increase in the Public Safety budget. In order to cover the increase, Assistant City Administrator Erin Wells proposed two options, property tax increase or a public safety fee, and the options were reviewed and discussed. This discussion will continue at the Budget Work Session on Thursday, April 25, 2019.*

#### **8. MAYOR/COUNCIL AND STAFF DISCUSSION AND COMMUNICATION ITEMS**

*There were no additional discussion items.*

#### **9. FUTURE MEETINGS**

##### **a. Future Meetings**

- April 25, City Council Budget Work Session, 7:00 pm, City Hall
- April 30, Planning Commission Meeting, 7:00 pm, City Hall
- May 2, City Budget Open House, 5:00 – 7:00 pm, City Hall
- May 7, City Council Meeting, 7:00 pm, City Hall

#### **10. CLOSED SESSION**

The Highland City Council may temporarily recess the City Council meeting to convene in a closed session to discuss the purchase, exchange, or lease of real property, as provided by Utah Code Annotated §52-4-205

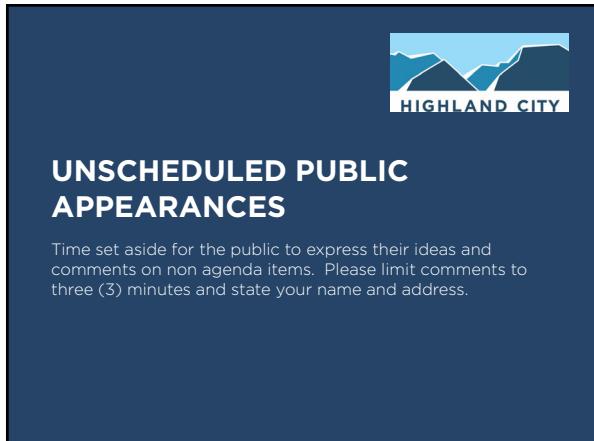
*City Council, Mayor, and staff held a closed session to discuss the purchase, exchange, or lease of real property as provided by Utah Code Annotated § 52-4-205.*

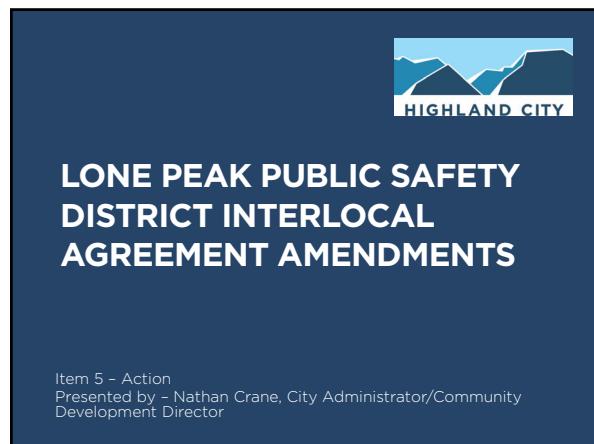
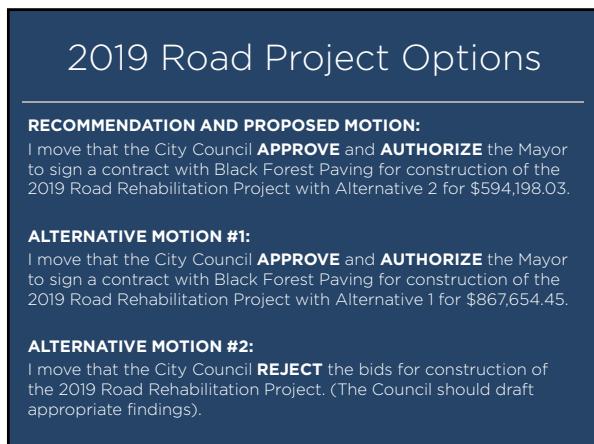
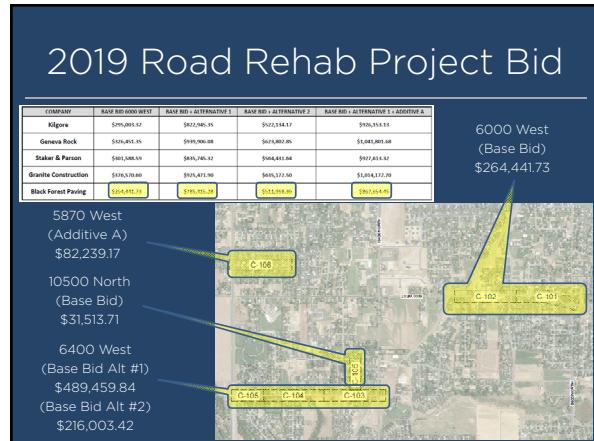
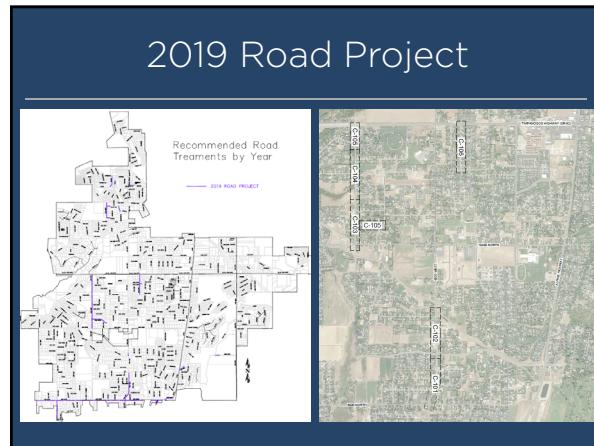
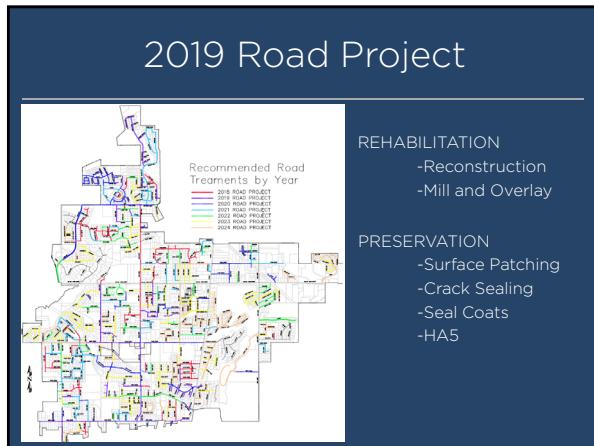
#### **ADJOURNMENT**

# COUNCIL VOTING REPORT - APRIL 16, 2019

		APPROVE CONSENT ITEMS A, B & C	APPROVE THE 2019 ROAD RECONSTRUCTION PROJECT CONTRACT WITH BLACK FOREST PAVING	CONTINUE THE AMENDMENTS TO THE LONE PEAK PUBLIC SAFETY DISTRICT INTERLOCAL AGREEMENT	APPROVE THE ADOPTION OF CHAPTER 13.70 WATER CONSERVATION IN THE HIGHLAND CITY MUNICIPAL CODE
First Name	Last Name	3 a, b, c	4	5	6
Brian	Braithwaite	Yes	Yes	Yes	Yes
Ed	Dennis	absent	absent	absent	absent
Tim	Irwin	Yes	Yes	Yes	Yes
Kurt	Ostler	Yes	Yes	Yes	Yes
Scott	Smith	Yes	Yes	Yes	Yes
Total Voters		4	4	4	4
Pass/Fail		Pass	Pass	Pass	Pass

For a voting history of all Council motions please go here: <http://bit.ly/HC-CC-Voting-History>





## Proposed Changes

- Board Structure
- District Administration
- Chiefs at-will employees as defined in State Code
- Board approves number of employees
- Funding remains the same
- Budget increase over average revenue increase of both cities requires both Council approvals



## WATER CONSERVATION

Item 6 - Action/Ordinance  
Presented by - Todd Trane, City Engineer

## Water Conservation Ordinance

- In 2018, Council directed staff to prepare an amendment to the City Code to address conservation rather than addressing the issue through yearly Mayoral Proclamations.
- Outdoor water usage continues to increase, regardless of weather patterns, resulting in an over taxing of the pressurized irrigation delivery system.
- Adoption of the ordinance is the first step to a long term and permanent commitment to conserve water.



## 2019/2020 FISCAL YEAR BUDGET

Item 7 - Discussion  
Presented by - Nathan Crane, City Administrator/Community Development Director and Erin Wells, Assistant City Administrator

## Comprehensive Look



## Enterprise Funds

- Expenditures vs Revenues
- Boyer Project
- Sewer
  - Increase of \$0.33 per month
- Storm
  - Second Increase of \$0.70 in 2023 not needed
- PI
  - Additional Revenue for Meters
- Culinary
  - No change

## General Fund Study

- Created Five Scenarios
  - FY19-FY23
  - Goal: 20% Fund Balance
  - Growth Assumptions
    - Revenue – 5.2%
    - Expenses – 3% general increase
- Unfunded Expenses
  - O&M and Capital



## Conclusion

Line 1 P. Budgeted Aver. 2019	2018 Budget	FY2019	FY2020	FY2021	FY2022	FY2023
Less General O&M Expenditure	\$ 384,812	\$ 802,322	\$ 803,274	\$ 803,274	\$ 121,214	\$ 389,632
Less Capital Improvement Expense	9,112,652	8,656,467	8,656,467	8,656,467	8,656,467	8,656,467
Less Capital Improvement Expense		-	283,126	283,126	283,126	283,126
O&M Surplus/(Deficit)	(48,410)	(8,486)	(761,897)	(919,476)	(1,678,143)	(1,283,942)
Prior Year		2,205,874	2,149,190	1,307,262	467,817	(811,126)
Current Fund Balance	\$2,386,674	\$2,140,874	\$1,307,262	\$467,817	(\$811,126)	(\$811,126)
Percent Fund Balance	24%	20%	16%	5%	2%	20%
Target	20%	20%	20%	20%	20%	20%

## Budget Goals – FY19/20

- Service Organization: People are the Priority
  - We are only as good as the people that work here
- Realistic review of expenditures
- Not decrease level of service
- Not use previous years revenue
- Increase Trail Maintenance
- Increase Open Space Maintenance

## Revenue/Expenditure Overview

- Current Fiscal Year
  - FY 2019 Forecast Rev. \$8,916,182
  - FY 2019 Forecast Exp. \$8,916,182
- Next Fiscal Year
  - FY 2020 Budget Rev. \$8,840,026
  - FY 2020 Budget Exp. \$8,841,847
- Year over Year
  - \$76,156 decrease in revenue
  - \$74,335 decrease in expenses

## Major Revenue Changes

- Decline in Building Permit Revenue
  - \$160,000
  - Impact on Bond payments
  - 55 new homes next fiscal year
- Decline in Library portion of motor vehicle tax
  - \$25,000
- Increase in Tax Revenue
  - \$39,000 – Property Tax
  - \$101,000 – Sales Tax
  - \$200,000 – Utah County Road Tax

## Proposed Expenditures

- Overall Decrease – \$74,335
  - These increases were absorbed and still decreased the budget
- Medical 4.9% and Dental 0% Increase
  - \$14,630 (all funds)
    - \$7,168 for General Fund
- 3% Merit Increase\*\*
  - \$44,049 Overall
    - \$21,584 for General Fund

## Department Overview

- Administration
  - \$20,000 - IT Internal Service Fund
  - Filing overall decrease to General Fund
- Engineering
  - +\$9,000 increase - GIS Survey
- Parks and Open Space
  - +\$100,000 increase - Trail Maintenance
  - PI Fund Pays for water for parks decrease \$106,000
- Recorder
  - +\$36,000 increase - Election

## Department Overview cont.

- Bond Payments increases
- Library
  - Market Adjustment
- Road Fund
  - +\$100,000 Road Fund
    - Sidewalks, curb and gutter, etc.

## General Fund Expenditures by Year

Highland City FY 2019_2020 Budget Level 2 Version 8, 04-11-2019												
General Fund	Amount	Year	2018-19	2019-20	2019-20	2019-20	2019-20	2019-20	Actuals	Actuals	Actuals	Budget
Program	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Vs year W	Vs year W	Vs year W	Vs year W
TOTAL ADMINISTRATION	496,322		454,379	453,204	453,204	459,492	453,045	384,443	5.7%	0.0%	25.0%	-2.6%
TOTAL ATTORNEY FEES	42,445		245,760	245,125	245,125	247,124	245,124	50,000	50,000	50,000	50,000	5.3%
TOTAL BUILDING INSPECTION	30,700		21,229	20,223	20,223	18,142	18,142	188,089	9.9%	-0.3%	4.7%	5.8%
TOTAL COUNCIL	16,000		19,037	19,037	19,037	19,037	19,037	19,037	19,037	19,037	19,037	19,037
TOTAL ENGINEER	288,250		242,203	242,203	242,203	242,203	242,203	242,203	242,203	242,203	242,203	242,203
TOTAL FIRE DEPT	218,350		309,683	241,203	241,203	184,152	184,152	188,478	24.2%	-21.1%	-21.2%	32.2%
TOTAL GARBAGE	641,226		655,942	696,156	696,156	703,613	703,613	811,720	7.3%	1.5%	9.7%	2.4%
TOTAL HIGHWAY MAINTENANCE	328,250		328,250	328,250	328,250	328,250	328,250	328,250	328,250	328,250	328,250	328,250
TOTAL PLANNING & ZONING	377,527		84,405	75,726	75,726	155,565	155,565	81,558	51.1%	-13.9%	24.9%	14.4%
TOTAL PUBLIC SAFETY	3,000,000		3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
TOTAL STREETS AND ROADS	371,810		701,157	801,032	801,032	744,462	733,723	679,040	28.2%	9.8%	26.6%	-0.6%
TOTAL UTILITIES	4,000		4,000	4,000	4,000	4,000	4,000	4,000	0.0%	0.0%	0.0%	0.0%
TOTAL General Fund Net Price and Tax	2,454,223		3,030,797	3,850,172	4,056,752	3,941,504	3,064,720	3,716,704	2.9%			
Total ADMINISTRATIVE SERVICES	1,345,187		1,796,345	1,360,609	1,776,646	1,495,761	1,495,761	2,011,508	7.6%	2.9%	0.3%	10.7%
Total FIRE DEPARTMENT	1,279,000		1,279,000	1,279,000	1,279,000	1,279,000	1,279,000	1,279,000	1.6%	0.0%	0.0%	1.6%
Total Public Safety	3,018,875		3,119,042	3,186,337	3,207,859	3,186,071	3,186,071	3,831,701	1.8%	0.9%	0.7%	21.8%

Average Increases Since FY2015

General Fund - 2.6%

Public Safety - 7.7%

Fire and Administration - 10.7%

Police - 5.5%

## Public Safety - Overview

- Increase in:
  - Administration - \$5,651
  - Police - \$291,412
  - Fire - \$548,566
- Total - \$845,630

## Exclusions

- General Plan Update
- Garbage "Revenue" Adjustment
- Increase in Park and Open Space Maintenance
  - Excluding trail maintenance
- Increase for Mountain Ridge Park

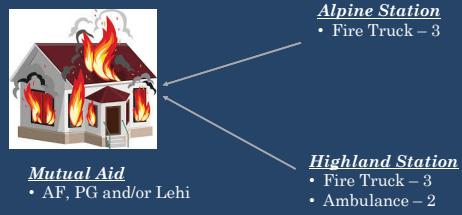
## Police Department

- Employee Retention
- \$1.50 an hour salary adjustment for all employees
- 3% Merit Increase
- Retirement
  - 4.9% - Tier 1 vs Tier 2
  - 401K - Additional 5% contribution

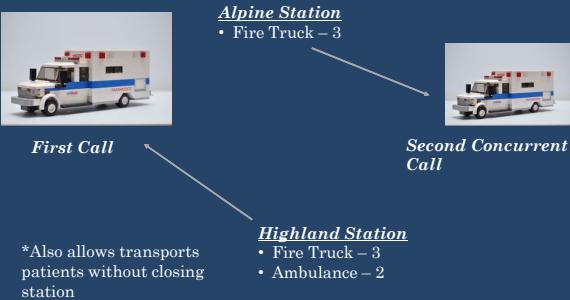
## Fire Department

- Existing Staffing – 9
  - Alpine – 3
  - Cedar Hills – 3
  - Highland – 3
- Proposed Staffing – 8
  - Alpine – 3
  - Highland – 3
  - Dedicated Ambulance – 2

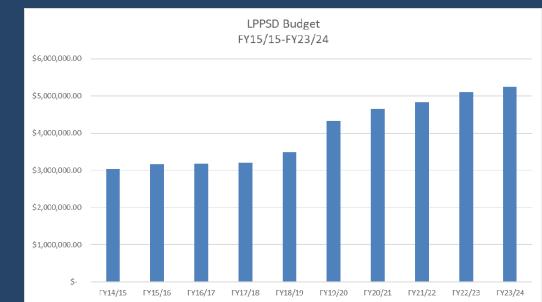
## Fire Staffing Translated



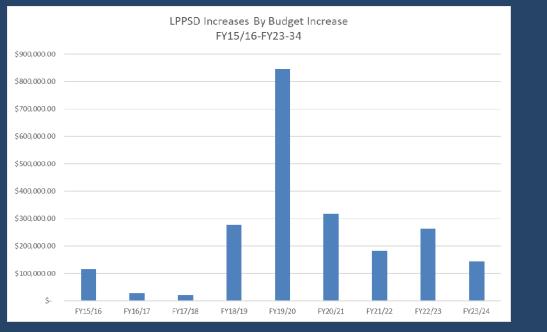
## Medial Call - Ambulance and Fire Truck



## Five Year Estimated Public Safety Expenses



## Proposed Public Safety Expenditures



## Lone Peak Budget Timeline

- May 9<sup>th</sup> – Tentative Budget
- June 13<sup>th</sup> – Final Budget
- June 18<sup>th</sup> – City's Final Budget
  - City is contractually obligated to pay the assessment based on final budget

## Funding Options

### 1. Use Fund Balance

TABLE: REVISED SUMMARY PROFORMA WITH TAX INCREASE					
	2018 Budget	FY2019	FY2020	FY2021	FY2022
Total General Fund Revenues	\$9,964,612	\$8,692,022	\$9,910,789	\$9,805,497	\$10,760,017
Less General G&M Expenditures	9,113,022	8,858,507	9,873,073	10,151,473	10,500,449
Less Capital Improvement Expense	-	-	-	-	-
G&M Surplus/(Deficit)	(48,410)	(56,484)	(662,364)	(346,065)	265,569
Prior Year	-	2,205,674	2,149,190	1,486,826	1,140,761
Cumulative Fund Balance	\$2,205,674	\$2,149,190	\$1,486,826	\$1,140,761	\$1,406,329
Percent Fund Balance	24%	25%	17%	12%	20%
Target	-	20%	20%	20%	20%
Cumulative Fund Balance with No Tax Increase	\$2,205,674	\$2,149,190	\$1,079,391	(\$206,433)	(\$1,571,357)
Percent Fund Balance	24%	25%	13%	12%	33%

## Funding Options

### 2. Cut existing budget

- Significant impact on level of service
- Every budget department would have to be cut by an additional 16% for the General Fund to absorb the increase
  - Some can not realistically be cut – garbage, bond payments, auditor
  - Not enough money in operational cuts alone to cover cuts

## Funding Options

### 3. New revenue

- Property Tax Increase
- Fee Creation
- Both options only address current Public Safety proposal
  - General Fund relief
  - Future Public Safety requests
  - Council Subcommittee

## Property Tax Increase Overview

- Full Public Safety Request - \$845,629
  - 49% increase in the City's property tax rate
- HB 235 passed this year allows Cities to dedicate a portion of their property tax to anything
- Tax deductible in some cases
- Based on home value
- Traditional way of funding Public Safety

## Property Tax Increase

Market Home Value	Monthly Property Tax Increase	Yearly Property Tax Increase
\$300,000	\$8.92	\$107.08
\$400,000	\$11.90	\$142.78
\$500,000	\$14.87	\$178.47
\$561,290	\$16.70	\$200.35
Average Highland Home Value		
\$600,000	\$17.85	\$214.16
\$700,000	\$20.82	\$249.86
\$800,000	\$23.80	\$285.55
\$900,000	\$26.77	\$321.24
\$1,000,000	\$29.74	\$356.94

## Property Tax Increase Timeline

- June 18: Adoption of Tentative Budget and Truth in Taxation Meeting Set
- August 6: Truth in Taxation Hearing
- If Referred – 2019 General Election Ballot
  - If it didn't qualify for ballot (1,184 signatures)
    - Tax would go into effect in 2019
  - If it qualifies for the ballot
    - Upheld – tax in effect 2020
    - Rejected – previous certified tax rate in effect

## Fee Creation Overview

- \$15.66 per month per home
- Uniform in application
- Tax exempt properties included
- Not tax deductible
- State Auditor has stated all fees should be tied directly to use

## Fee Creation Timeline

- June 18: Adoption of Final Budget and Public Safety Fee
- If Referred – 2020 General Election Ballot
  - If it didn't qualify for ballot (1,184 signatures)
    - Fee would go into effect in October 2019
  - If it qualifies for the ballot
    - Upheld – fee in effect December 2020
    - Rejected – no new fee

## Revenue Increase – Outreach Efforts

- Stakeholder Meetings
- Open Houses
- Newsletter
- Website
- Social Media
- Constricted timeline

## Conclusions

- General Fund
  - Cut to accommodate reduced revenues and bond payment increase
  - Additional revenue is needed to maintain level of service
- Public Safety
  - General fund cannot afford any significant increases without a substantial decrease in level of service in other departments

## Next Steps

- Individual meetings with staff and Chiefs
- April 25 – Budget Work Session
  - Council direction on revenue increase to begin community outreach plan
- May 2 – Budget Open House
- May 21 – Adoption of Tentative Budget
- May 22 and 30 – Potential Open Houses
- June 18 – Budget Passed
  - Potential Truth in Taxation Date Set



## **MAYOR/COUNCIL AND STAFF DISCUSSION COMMUNICATION ITEMS**



## FUTURE MEETINGS

- Item 9a. – Future Meetings
  - April 25, City Council Budget Work Session, 7:00 pm
  - April 30, Planning Commission Meeting, 7:00 pm
  - May 2, City Budget Open House, 5:00 – 7:00 pm
  - May 7, City Council Meeting, 7:00 pm



## CITY COUNCIL CLOSED SESSION

*The Highland City Council may temporarily recess the City Council meeting to convene in a closed session to discuss the purchase, exchange, or lease of real property, as provided by Utah Code Annotated §52-4-205*