

MINUTES OF THE VERNAL CITY COUNCIL SPECIAL BUDGET MEETING
HELD MAY 20, 2020 at 5:30 p.m. in the Vernal City Council room, 374 East Main,
Vernal, Utah 84078.

PRESENT: Councilmembers Nicholas Porter, Dave Everett, Ted Munford, Travis Allan and Bert Clark and Mayor Doug Hammond.

WELCOME: Mayor Doug Hammond welcomed everyone to the meeting.

ACKNOWLEDGMENT AND APPROVAL OF SPECIAL MEETING: *Councilmember Dave Everett moved to acknowledge and approve this special meeting. Councilmember Nick Porter seconded the motion. The motion passed with Councilmembers Everett, Porter, Munford, Allan and Clark voting in favor.*

FY2020 BUDGET WORKSHOP: Quinn Bennion explained that this is the last session to go over the FY2021 budget so if more time is needed, the Council can reconvene after the regular meeting is held tonight. Currently, the budget is still projected to use \$790,000 of unappropriated fund balance meaning the expenses are greater than the projected revenue. Councilmember Ted Munford acknowledged that with that kind of deficit, the City will have to reduce staffing.

Utility Funds:

L. Mike Davis, water/sewer superintendent, explained that with his departments there are a lot of unknowns especially with water supplies. He explained that it is hard to predict how many water leaks there will be or the type of equipment that will be needed to make the repairs. Quinn Bennion explained that there are two water projects being budgeted. Mike Davis explained that those projects are to help with water conservation. The first project is a leak detection program at a cost of \$30,000 for the entire system. The water loss is extremely high and although one massive leak was found, the overall water loss is still over 50%. The other project is to replace 500 meters. After discussion, the consensus was to drop that amount to 250 meters. Councilmember Bert Clark asked how many employees are in the water department. Mike Davis answered there are six employees including the meter reader and supervisor.

Councilmember Ted Munford stated he did not see any changes in the sewer fund. Mike Davis stated that the sewer department is small with two employees. The largest expense is the treatment plant. Councilmember Munford stated the equipment supplies line item went up to \$9000. Mike Davis stated that amount should be \$2000. Councilmember Ted Munford asked about the purchase of an asphalt saw. Mike Davis stated that they do have one that is not working properly, and they will try to keep it running throughout the year, or they could rent one at a cost of \$1300. He noted that it would be more cost effective to purchase one.

L. Mike Davis reminded the Council that the enterprise funds do not have a limit on the amount of unreserved funds you can have. He stated that one way to offset the general fund would be to move one or two employees over to the water fund similar to the meter reader. Mike Davis, Finance Director, stated it would be better to move the administrative clerk who performs a lot of work for the water system.

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GENERAL FUND:

Mayor and Council: Quinn Bennion explained that the election line item was dropped to \$1000 as there is no election this year. Roxanne Behunin explained some funds are necessary for advertising, and possibly a primary. Quinn Bennion provided an updated list for event sponsorships using the TRT funds. Other items include the Chamber of Commerce, the safety incentive program and the welcome center. There was some discussion regarding the sponsorship funds. Councilmember Nick Porter stated this is the last year the Elks will organize the fireworks. Councilmember Travis Allan stated when the economy gets better they can consider helping the events out more. Quinn Bennion stated that the TRT tax collected this year is \$100,000 and next year is projected to only be \$60,000. Those funds must be attributed toward tourism, festivals, etc. Councilmember Bert Clark asked if the City has received any benefit from funding the County grant writer. Mike Davis stated his help has been limited. Councilmember Travis Allan stated he would like to receive a report. Quinn Bennion stated he and the Mayor would follow-up with that item. After further discussion regarding the sponsorships, the consensus was to keep the baseball tournaments, graduation night, and leave the rodeo at \$12,000, and drop Vernal Excitement. Councilmember Travis Allan suggested the \$1000 from Vernal Excitement be moved into the miscellaneous sponsorship item. The Council discussed dropping the visitor's center payment to the museum from \$50,000 to \$10,000. Quinn Bennion commented that the location of the visitor's center may be moved in the next few years. Councilmember Ted Munford suggested the funds be given to the Chamber to provide visitor services. Councilmember Travis Allan stated that the City is not receiving a benefit from the visitor's center. Councilmember Nick Porter agreed and suggested the funds be dropped to zero. Councilmember Clark agreed. After further discussion, the consensus was to drop it to \$5,000 and drop the remaining \$5,000 next year.

City Attorney: Quinn Bennion explained that this department covers the cost of four attorneys including the prosecutor, public defender, civil attorney and conflict prosecutor. The special legal services are for lawsuits or outside issues.

RECESS AND RECONVENE: Mayor Doug Hammond called for a recess at 6:55 pm to convene into the regular City Council meeting. The meeting reconvened after the regular Council meeting adjourned.

City Administration. Quinn Bennion explained that there are three employees in this department. Councilmember Ted Munford asked about the public information line item. Quinn Bennion explained that covers the contract with Laura Chynoweth who helps with social media posts. It started at \$15,000 and was cut to \$6000 then down to \$5000. Councilmember Ted Munford asked about the equipment supplies and maintenance line item. Quinn Bennion stated that covers items such as tires and the copy machine maintenance.

BUDGET REDUCTION IDEAS / DISCUSSION INCLUDING SEPARATION AGREEMENT: Quinn Bennion stated that with the cuts discussed, that leaves \$788,000 less

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anticipated revenue than expenditures. He stated there are several items on the list he provided to the Council that may get the budget closer. There was some discussion regarding the management of the airport and the resignation of the airport manager and what brought about his leaving. Quinn Bennion reminded the Council the reason the City would manage the airport is to clean it up and put policies and procedures in place. The Council asked the staff to let Doug Brown know the City appreciated his service. Quinn Bennion stated that the City budgeted half of what would normally be paid for the airport, with the remainder being paid for through a grant. Another item is the homeless tax. The County is considering closing the homeless shelter so the City may be required to pay the tax. Councilmember Ted Munford reminded the Council that the County was to cover the homeless shelter and the City would take care of the crisis center and victim advocate program. Quinn Bennion explained there is another problem with the mineral lease funds which are used by the Special Service Districts. The Trump administration is allowing 67 oil and gas industry businesses to drop paying the full amount of mineral lease taxes temporarily dropping it from 12% to 2%. That means over the next five to six months those Districts may not get any funds to operate. Councilmember Ted Munford stated the community needs fire and animal control services so those services may come back to the City. Councilmember Dave Everett stated that Animal SSD will be out of funds in six months. Councilmember Ted Munford stated that the Fire District used \$400,000 of savings to pay off debt as required by the County Commissioners and now there are no funds to operate. Quinn Bennion stated that there will not be any funds in this budget to take over those services. He noted that it is hard to plan nor can the City pay for those services. He recommended the City use \$788,000 of unappropriated fund balance, then reduce staff in one way or another to reduce that amount closer to zero. The first option is to offer a voluntary separation agreement. He presented a draft agreement for the Council to consider that was reviewed by the Administrative Committee. The recommended offer is \$1000 for each year of full time service up to \$30,000. That amount would be pro-rated for part-time employees. The termination date would be fourteen days after signing the agreement or up to 60 days if the city manager had a reason to keep them on longer. There would also be a 7 day revocation option if the employee changed their mind. To get closer to balancing the budget, the City will need to drop 6 to 7 positions. Councilmember Travis Allan stated this program should be first come first serve. Quinn Bennion stated that likely the ones that will consider this option will be the longer tenured employees who can retire or have other job options. Councilmember Bert Clark asked what will happen if 15 police officers take this offer. Quinn Bennion stated it is very low as not too many are retirement age. Councilmember Travis Allan stated they could get employment someplace else and police officers are being recruited. Quinn Bennion agreed that could happen, however this program is better than layoffs. Roxanne Behunin suggested a severance package be given if employees have to be laid off. L. Mike Davis asked the Council to consider having the City pay the taxes on the separation agreement. There was some discussion of how the taxes could be deferred. Councilmember Ted Munford reminded him the purpose of this program is to help the budget and save jobs. After further discussion, *Councilmember Ted Munford moved to approve the agreement as presented to the first ten employees who signed up. Councilmember Travis Allan seconded the motion. The motion passed with Councilmembers Munford, Allan, Clark, Porter and Everett voting in favor for a unanimous vote*

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Quinn Bennion explained that this upcoming budget will have to be reopened if funds are received through the CARES Act or if there is a 4th stimulus package approved by the Legislature.

ADJOURN: There being no further business; Councilmember Dave Everett moved to adjourn. Councilmember Ted Munford seconded the motion. The motion passed with a unanimous vote and the meeting was adjourned.

Mayor Doug Hammond

ATTEST:

Roxanne Behunin, Deputy Recorder

(S E A L)