The Lindon City Council held a Special Meeting on **Tuesday, June 9, 2009** beginning at 7:00 p.m. in the Lindon City Center, City Council Chambers, 100 North State Street, Lindon, Utah.

Conducting: James A. Dain, Mayor

Pledge of Allegiance: Braden Sutch

Invocation: Eric Anthony

**PRESENT**

James A. Dain, Mayor

Eric Anthony, Councilmember

H. Toby Bath, Councilmember

Bruce Carpenter, Councilmember

Jerald I. Hatch, Councilmember

Ott H. Dameron, City Administrator

Cody Cullimore, Chief of Police

Jamie Bennee, Finance Director

Debra Cullimore, City Recorder

**ABSENT**

Lindsey Bayless, Councilmember

The meeting was called to order at 7:00 p.m.

**RECOGNITION** – The Mayor and City Council will recognize Julie Sutch as the first female police officer in the history of Lindon City.

Mayor Dain introduced Julie Sutch, and read a history of her experience working in the law enforcement profession. Chief Cullimore expressed appreciation to Ms. Sutch for the professionalism and experience she brings to the Lindon City Police Department. Ms. Sutch has worked for several other police departments in the state, and is currently employed as a receptionist/records clerk for the Lindon City Police Department in addition to her position as a reserve police officer.

**MINUTES** – The minutes of the Regular Meeting of May 19, 2009 and the Work Session of May 20, 2009 were reviewed.

**COUNCILMEMBER ANTHONY MOVED TO APPROVE THE MINUTES OF THE MEETING OF MAY 19, 2009. COUNCILMEMBER HATCH SECONDED THE MOTION. THE VOTE WAS RECORDED AS FOLLOWS:**

COUNCILMEMBER ANTHONY AYE

COUNCILMEMBER BATH AYE

COUNCILMEMBER CARPENTER AYE

COUNCILMEMBER HATCH AYE

THE MOTION CARRIED UNANIMOUSLY WITH ONE ABSENT.
COUNCILMEMBER ANTHONY MOVED TO APPROVE THE MINUTES OF THE WORK SESSION OF MAY 20, 2009. COUNCILMEMBER HATCH SECONDED THE MOTION. THE VOTE WAS RECORDED AS FOLLOWS:

COUNCILMEMBER ANTHONY  AYE
COUNCILMEMBER BATH    AYE
COUNCILMEMBER CARPENTER AYE
COUNCILMEMBER HATCH    AYE

THE MOTION CARRIED UNANIMOUSLY WITH ONE ABSENT.

OPEN SESSION –

Mayor Dain called for comments from any resident present who wished to address an issue not listed as an agenda item. Boy Scout Josh Barlow approached the Council and invited them to participate in his upcoming Eagle Scout project. Mr. Barlow is planning a flag retirement ceremony which will be held at the City Center on Saturday, June 13, 2009 at 6:00 p.m. The Police Department will assist Mr. Barlow during the ceremony. Flags which will be retired have been gathered from around the community. Mayor Dain congratulated Mr. Barlow on his efforts.

MAYOR’S COMMENTS/REPORT –

Mayor Dain reported on the following items:
1. The Utah Lake Festival was held on Saturday, June 6, 2009. The Utah Lake Master Plan is complete. A joint signing ceremony will be held in late June or early July to sign the completed Master Plan.
2. The Intermountain Health Care Community Outreach Committee met recently. Mayor Dain will forward information from the meeting to Councilmember Bayless for possible inclusion in the Healthy Lindon program.
3. A ribbon cutting was recently held for the new Wells Fargo Bank facility located in Lindon.
4. The employee’s summer party at the new aquatics center was a great success.
5. Mayor Dain and members of the City staff met recently with representatives from Mountainland Association of Governments to tour the church facility on Main Street recently purchased by the City. A senior citizens program will be implemented when the City occupies the facility. MAG provided feedback and ideas regarding the senior program. The City will work with MAG as programs are finalized and implemented.

CONSENT AGENDA –

No items.

CURRENT BUSINESS –
1. **Status Report – Aquatics Center.** This Aquatics Center status report will be given by Dan Seder, Parks and Recreation Director for Lindon City.

Dan Seder was present to address the Council regarding the status of the new Lindon Aquatics Center. Mr. Seder provided a financial report for the first two weeks of operation of the facility. He also reported on the status of the swim team, which is at capacity with a waiting list. He noted that members of the team are currently working on choosing a mascot for the team.

Councilmember Anthony inquired as to how the financial figures were as compared to projections before the facility opened. Mr. Seder stated that business at the pool has been slow for the past week due to cooler than average weather. He stated that swim team registrations and daily admission have exceeded projections, and that approximately 190 family passes have been sold to this point.

Mr. Seder went on to discuss the FlowRider. He noted that a core group of riders are using the facility several times a week, but that the FlowRider is not being used to capacity. He suggested that the Council consider a change to the fee structure for the FlowRider to make it more affordable for families. Mr. Seder will make a recommendation to the Council regarding proposed fee structures as part of the fee schedule in the final budget hearing.

The Council thanked Mr. Seder for a job well done in getting the pool up and running in an efficient manner.

2. **Public Hearing – Proposed Budget for Fiscal Year 2009-2010.** The City Council will hear public comment concerning the proposed City budget for fiscal year 2009-2010, including the allocation of revenue from the water, sewer and other enterprise funds to the General Fund. One public Work Session and one Budget Committee meeting have been held where the budget issues were discussed.

Tonight, staff will present the issues associated with the proposed budget, including proposed changes to the city-wide fee schedule. The Council will direct staff on each issue. The public hearing for the adoption of the budget is scheduled for June 16, 2009.

COUNCILMEMBER BATH MOVED TO OPEN THE PUBLIC HEARING. COUNCILMEMBER ANTHONY SECONDED THE MOTION. ALL PRESENT VOTED IN FAVOR. THE MOTION CARRIED.

Mr. Dameron stated that this hearing will give a brief overview of the proposed budget, as well as discussion regarding property tax revenues as a preparatory step for possible future adjustments to the property tax structure.

Mr. Dameron stated that due to the current economic climate, the City has been monitoring sales tax revenue on a monthly basis since August of 2008. He noted that due to the economic downturn and reduction in sales tax revenues, the City currently have 5.5 vacant staff positions which have not been filled when positions became open. He stated that capital projects and training budgets have been significantly restricted in order to compensate for the budget shortfall.
Mr. Dameron stated that the current proposed budget does not include any increase in property tax revenues. He stated that the City’s Auditor, Mike Stoddard, was present at the meeting to present information regarding the Certified Tax Rate, and possible adjustments to the City’s portion of property taxes as part of long term financial planning for the City.

Mr. Dameron noted that sales tax revenues are down approximately 15% to 17% from the amended budget projections. He observed that car sales had increased slightly on the report, and that final figures will be very close to amended budget figures. He explained that property tax revenue is a vital component of the City’s stable revenue stream, and that the Certified Tax Rate has eroded significantly over the past. Mr. Dameron invited Mr. Stoddard to address the Council.

At this time, resident Ron Hatfield entered the meeting. Mr. Hatfield asked to take a moment to inform the Council of a fundraising event being held at the Hatfield property. He reported that the “Princess Festival” which is being held this week will raise funds for the charitable organization, “In Our Own Quiet Way,” a charity started by the Hatfield family. The organization started by adopting a village in Kenya, but has now expanded and is working on nationwide famine issues. He noted that the Kenyan ambassador to the United States will attend the daddy-daughter ball on Friday night.

Mayor Dain thanked Mr. Hatfield for his charity work, as well as his work on the pool paver project. Mr. Hatfield acknowledged the help of Kelly Bishop on the pool project, and thanked the Council for their support.

Mr. Stoddard stated that at the time the economy began to experience a downturn, he and Mr. Dameron carefully reviewed the revenue structure of the City. He stated that he has investigated that Certified Tax Rate structure of the City since Truth in Taxation laws were implemented in approximately 1985. He explained that inflationary devaluing of dollars since that time has substantially reduced the spending power of the dollars received through property taxes.

Mr. Stoddard asserted that the diminishing revenue generated by the Certified Tax Rate can not continue to be ignored. He observed that property tax is a stable revenue source which must be maintained in order to ensure that core services can be provided for residents during economically trying times. He went on to explain that approximately 38% of overall tax revenue was generated by property taxes in 1998, and that about 15% of tax revenue is generated by property taxes at this time. He noted that the bulk of revenue received by the City at this time is sales tax revenue, which tends to be cyclical and volatile, and may not provide for ongoing services during times of recession. He explained that unless the issue is addressed, the certified tax rate will continue to be forced down over the coming years as inflation occurs, and that at this time, the City has experienced over 20 years of declining property tax revenue.

Mr. Stoddard explained that Truth in Taxation laws have created an environment which causes a reduction in the certified tax rate each year. He noted that the City has had the luxury of not addressing the issue until now due to a robust economic climate which has provided adequate revenue through sales taxes. He asserted that if the City does not address the issue of declining property taxes, the financial stability of the City will be in question as time goes on.
Mr. Dameron observed that there has been some sentiment during robust economic times that the City portion of property taxes could be eliminated altogether. He explained that property tax revenues must be maintained, as they represent a stable revenue source which is less affected by changes in the economy. Mr. Stoddard agreed that the City must have the means to provide essential services and meet financial obligations regardless of the economy, and that property taxes can provide the stable revenue source to meet those needs regardless of the economic climate.

Mr. Dameron noted that cash reserves in the Public Treasurers investment fund have been significantly reduced during the recent recession, and that the City’s cash position has slowly eroded due to the economic downturn.

Councilmember Carpenter noted that the City has three sources of tax revenue including sales tax, property tax, and franchise tax. He observed that the legislative intent of the tax structure appears to be that property taxes represent the most stable revenue source, and that ongoing expenses should be paid using that stable revenue source. Capital projects should be funded as sales tax revenues become available. He noted that franchise taxes represent a small percentage of tax revenues, and can be used to augment other tax revenues as necessary. He observed that providing essential public safety services costs the City approximately $3 million annually, and that the City brings in approximately $1 million in property tax revenue.

Councilmember Carpenter observed that the City has had an advantageous sales tax situation in that several business in Lindon generate positive sales tax revenue figures, but that sales taxes should not be the revenue source the City depends on to provide essential services.

Mr. Stoddard explained that unless the City takes active measures to implement an annual COLA adjustment to maintain the Certified Tax Rate, the revenue source will continue to erode. He noted that COLA adjustments will not necessarily increase the Certified Tax Rate, but should at minimum maintain the status quo. Mr. Stoddard asserted that the Truth In Taxation law has forced municipalities to portray adjustment to the Certified Tax Rate as a tax increase, and that most entities have faced an erosion in property tax revenue as a result of the law. He stated that the Certified Tax Rate has significantly eroded over the past ten years, and that unless adjustments are made the revenue source will continue to erode and become less reliable.

Councilmember Anthony inquired as to what the current Certified Tax Rate would be if a COLA structure had been implemented at the same time as Truth in Taxation laws. Councilmember Carpenter observed that the rate has decreased by approximately 2/3 over that time period, and that if the rate had been maintained current revenues would be approximately three times the current level. He noted that the Certified Tax Rate in 1986 was approximately .003011, and that a COLA structure would have held that tax rate steady at that level. He noted that the current tax rate has eroded to approximately .001296.

Mayor Dain noted that implementing a COLA on property taxes in years when the City has a revenue surplus would not seem reasonable to many residents. Councilmember Carpenter observed that there is no “go time” to adjust taxes. He noted that some residents may see an increase in good years as unreasonable, and may see an increase in difficult economic times as an unfair hardship. Mr. Stoddard explained that if the intent of the City is to use property tax revenues to support essential services, the
process should be to establish the cost of providing those services and implement a structure which will move the stable revenue source back to a reasonable balance, providing the City the necessary revenue to support basic services regardless of the economic climate.

Councilmember Anthony noted that many of the main sales tax revenue producing businesses in the City, such as Wal-Mart and Home Depot, are at or near full capacity and that in order to increase sales tax revenue, it will be necessary to expand the tax base and number of businesses producing sales tax revenue. He observed that the objective if the City in increasing sales tax revenue focuses on development of the 700 North corridor. He agreed that in any phase of the economy there could be arguments against adjustments to the Certified Tax Rate, but that considering property tax revenue structures seems to be part of long term financial planning.

Councilmember Anthony inquired as to whether the Truth In Taxation process allows a COLA structure to be established, or whether public hearings must be held annually. Mr. Stoddard stated that a public hearing must be held each year to implement the COLA, but that the City should emphasize to residents that the revenue source is not being increased, but rather maintained rather than allowing the City’s portion of the property tax revenue to erode further each year.

Mr. Stoddard observed that information regarding tax adjustments is not typically presented accurately in the press. He clarified that the City’s portion of the total property tax paid by residents each year is approximately 13%, and only that portion would be adjusted. Councilmember Carpenter noted that if the cost of public safety were distributed evenly among households in Lindon, the cost of that one service would be approximately $1,600 per household. He noted that the average household currently pays approximately $250 annually to the City in the form of property taxes. He observed that it will be necessary to educate the public regarding sales tax vs. property tax revenue sources and held them understand that need for maintaining the stability of property taxes in providing essential services.

Mr. Dameron reiterated that the current proposed budget does not include any increase in property tax revenue. Councilmember Carpenter expressed concern regarding the proposed budget. He observed that while the City has taken aggressive steps to cut expenditures wherever possible, the proposed budget includes loans from the enterprise funds, which equates to the City spending money which is not being generated. He felt that the Council should pass a budget which includes an appropriate adjustment to the property tax structure. He suggested that adjustments be phased in over a period of several years to provide stability to this important revenue source without negatively impacting residents. He suggested the possibility of a 25% increase to the City’s portion of property taxes each year for three years in order to reestablish the ability of the Certified Tax Rate to cover essential services for residents.

The Council thanked Mr. Stoddard for his expertise on this issue. The Council will continue to discuss property tax revenue and the possibility of holding Truth In Taxation hearing in the future to consider adjustments to the Certified Tax Rate. Mayor Dain observed that the City has never held a Truth In Taxation hearing, and that consideration of this important issue is long overdue.

Mr. Dameron invited Finance Director, Jamie Bennee, to give an overview of the proposed 2009/2010 budget. Ms. Bennee stated that there are no personnel issues related
to this budget. No hiring is planned for the coming year, and no COLA or merit pay
increases are proposed for employees. She explained that due to a negative CPI, no
COLA adjustment is proposed for culinary water or sewer rates, and that pumping
charges have not increased during the past year.

Ms. Bennee went on to review proposed budget figures for the coming fiscal year.
She stated that the total City wide budget it $18,094,706, and the General Fund Budget is
$8,973,106. Ms. Bennee reviewed revenue sources, including various taxes and fees.
Councilmember Anthony inquired as to the reason the “Miscellaneous” revenue source of
$3,075,515, was so high. Ms. Bennee explained that loans in the amount of $1,779,260
to the General Fund from Enterprise Funds are included in that figure for this fiscal year.
Councilmember Anthony requested that figures from the previous year be included for
comparison when the budget is presented for final approval during the June 16th meeting.

Ms. Bennee went on to review General Fund expenditures and revenues of
$8,973,106. Figures indicate a balanced budget, with revenues equaling expenditures.
She noted that the Recreation fund has been moved to an Enterprise Fund and will not be
reflected in the General Fund.

Ms. Bennee reviewed proposed capital projects for the coming year, including the
contract with Orem City for fire, EMS and dispatch services, $50,000 for City Center
maintenance projects, $275,000 for the LDS meetinghouse purchase agreements, and
$145,000 for the right-of-way purchase from the Fellowship Bible Church. $100,000
will be allocated for road overlay and maintenance project, with an additional $15,000 for
miscellaneous Public Works expenses, as well as $2,600 for new computers in the
Planning Department.

Ms. Bennee went on to review specific budget issues for consideration by the Council as follows:

• Budget Issue #1 – Should the City pay the North Point Solid Waste
  Special Service District directly for tipping fees?

Following discussion, the Council felt that direct payment to the Transfer Station
would save approximately $11,000 annually, and should be pursued.

• Budget Issue #2 – Should the City continue to fund health and dental
  benefits for employees?

Ms. Bennee explained that the premium for health insurance will decrease 11%,
resulting in a savings of approximately $45,000. Dental insurance premiums will be
roughly equivalent to last year’s rate, but coverage will change from Delta Dental to
Educators Mutual. Following discussion, the Council agreed that the City should
continue to fund health and dental insurance coverage for employees.

• Budget Issue #3 - Should storm water utility rates be adjusted?

Mr. Dameron invited the City Engineer, David Thurgood to address this issue.
Mr. Thurgood explained that storm water utility rates are charged per household, and that
businesses are charged at an equivalent service unit rate equal to one home, with some
businesses paying a rate equivalent to multiple homes based on discharge into the storm
water system. Mr. Thurgood reviewed revenues generated by the current $3 rate paid per
equivalent service unit as compared to costs generated by the storm water division. He
explained that funds from the General Fund can not be used to supplement this Enterprise
Fund, and that revenues generated by the current fee structure are not adequate to support
the system as repair and replacement become necessary. Mr. Thurgood recommended
that rates be increased to $3.50 per equivalent service unit to cover the cost of debt
service and depreciation and maintenance of the system.

Mr. Dameron noted that the current rate was established in 1997 and has not been
adjusted since that time. He suggested that the Council consider implementing the
proposed adjustment along with an annual increase to keep pace with inflation and
properly maintain the system. Following discussion, the Council felt that an increase of a
minimum of fifty cents per equivalent service unit be implemented, with a possible
higher increase.

The Council went on to discuss the proposed fee schedule, which was reviewed
and considered during previous discussions as well. The Council expressed general
agreement regarding all proposed in fees in the fee schedule. Changes to fees at the
aquatics center will be considered during the June 16th Public Hearing.

Mayor Dain called for public comment on the budget. Hearing none, he called for
a motion to close the public hearing.

COUNCILMEMBER CARPENTER MOVED TO CLOSE THE PUBLIC
HEARING. COUNCILMEMBER BATH SECONDED THE MOTION. ALL
PRESENT VOTED IN FAVOR. THE MOTION CARRIED.

Councilmember Anthony requested discussion and clarification regarding several
items in the budget. He felt that while the City had taken reasonable steps to reduce
expenditures for the upcoming budget year, additional reductions could be made to
reduce spending further, possibly reducing the amount of loans which will be needed
from the Enterprise Funds. The Council discussed specific areas which could be
reviewed for further reductions in spending, such as office supplies. Councilmember
Anthony requested that the proposed budget be based on more exact figures from the
current fiscal year rather than estimates or projections for the coming fiscal year. Ms.
Bennee will make the requested changes for review by the Council at the final budget
Public Hearing on June 16th.

The Council briefly reopened the discussion regarding an adjustment to property
taxes. Councilmember Carpenter noted that the City is not in “crisis mode” at this time,
but that considering appropriate property tax adjustment is good long term fiscal policy
which will benefit the City and it’s residents in the future.

Mayor Dain called for further comments or discussion from the Council regarding
the budget. Hearing none, he called for a motion to adjourn the City Council meeting and
move in to Redevelopment Agency and Municipal Building Authority discussions.

Adjourn City Council Meeting and convene the Lindon City Redevelopment
Agency.
COUNCILMEMBER CARPENTER MOVED TO ADJOURN THE MEETING
OF THE LINDON CITY COUNCIL AND CONVENE THE MEETING OF THE
LINDON CITY REDEVELOPMENT AGENCY AT 10:23 P.M. COUNCILMEMBER
HATCH SECONDED THE MOTION. ALL PRESENT VOTED IN FAVOR. THE
MOTION CARRIED.

Adjourn the Lindon City Municipal Building Authority and reconvene the City
Council meeting.

COUNCILMEMBER CARPENTER MOVED TO ADJOURN THE MEETING
OF THE LINDON CITY MUNICIPAL BUILDING AUTHORITY AND RECONVENE
THE MEETING OF THE LINDON CITY COUNCIL AT 10:33 P.M.
COUNCILMEMBER ANTHONY SECONDED THE MOTION. ALL PRESENT
VOTED IN FAVOR. THE MOTION CARRIED.

COUNCIL REPORTS –


Councilmember Hatch had no items to report.

COUNCILMEMBER BATH – Public Safety, Court, Building Inspections.

Councilmember Bath invited Chief Cullimore to report on Police Department
activities. Chief Cullimore reported that the vacant Acerson property on the east side of
town has been posted ‘no trespassing’ by the family in order to eliminate a problem with
ATV’s riding on the property and disturbing the surrounding neighborhood. Officers are
making contact with riders at the site to educate them that riding is no longer permitted in
that location, but citations have not been issued at this time.

Chief Cullimore reported that several residents have contacted the City expressing
concern regarding shoes thrown over power lines. He stated that the idea that the shoes
represent gang activity or drug dealers is an ‘urban legend’ and that there is no
information or evidence to suggest that these incidents are anything more than mischief.

Chief Cullimore invited the Council to attend the Provo Owlz baseball game on
July 3rd. He stated that the Police Department Honor Guard will present the flag
ceremony that evening.

Chief Cullimore reported that he met earlier in the day with Jerry Hickland, the
Harley Davidson representative for the western United States. Mr. Hickland was very
complimentary of the Police Department and the other good things the City has been able
to accomplish.

COUNCILMEMBER ANTHONY – Parks, Recreation, Engineering, Lindon Days,
Newsletter.
Councilmember Anthony requested input from the Council on a Grand Marshall for the Lindon Days celebration. Following discussion, the Council recommended that Don Holdaway and his wife, Gayle, be invited to serve as Grand Marshalls for the event.

**COUNCILMEMBER CARPENTER** – General Plan, Streets & Sidewalks, Public Buildings.

Councilmember Carpenter had no items to report.

**COUNCILMEMBER BAYLESS** – Trails, Planning, Zoning, Board of Adjustments, Administration.

Councilmember Bayless was not present at the meeting.

**ADMINISTRATOR’S REPORT** –

COUNCILMEMBER BATH MOVED TO APPROVE THE PAY VOUCHERS. COUNCILMEMBER HATCH SECONDED THE MOTION. THE VOTE WAS RECORDED AS FOLLOWS:

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<td>Anthony</td>
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THE MOTION CARRIED UNANIMOUSLY WITH ONE ABSENT.

Mr. Dameron reported on the following items:

1. The agenda for the June 16th meeting will include the Final Budget public hearing, as well as a property sale for an area of right-of-way currently owned by the City. UDOT will purchase the property to be used as part of a wetland bank associated with planned road projects. The property was donated to the City, so any payment from UDOT will be forwarded to former property owners who deeded the right-of-way to the City.

2. The Council reviewed the Project Tracking List. Mr. Dameron suggested that the Council review the list carefully in order to provide adequate notice to applicants if the Council calls any items forward that would typically be decided by the Planning Commission.

3. The City will be reimbursed approximately $300,000 by Utah County for 700 North improvements which the City completed.

4. The Planning Department applied for grant funds through the Federal Stimulus Package for wetlands improvements associated with the Lindon Heritage Trail on the west side of the City. Mr. Cowie and Mr. Mataele will make a final presentation to the Department of Environmental Quality on June 24. DEQ staff has recommended that the City be awarded grant funds in the amount of $600,000 toward completion of the project. The City Engineer has recommended that the City pursue the funding.
5. Candidates for the upcoming November election must file a declaration of candidacy between July 1st and July 15th.

Executive Session – The City Council will meet privately to discuss pending or reasonably imminent litigation.

COUNCILMEMBER CARPENTER MOVED TO CONVENE THE EXECUTIVE SESSION. COUNCILMEMBER ANTHONY SECONDED THE MOTION. ALL PRESENT VOTED IN FAVOR. THE MOTION CARRIED.

COUNCILMEMBER CARPENTER MOVED TO ADJOURN THE EXECUTIVE SESSION AND RECONVENE THE REGULAR CITY COUNCIL MEETING. COUNCILMEMBER HATCH SECONDED THE MOTION. ALL PRESENT VOTED IN FAVOR. THE MOTION CARRIED.

ADJOURN –

COUNCILMEMBER CARPENTER MOVED TO ADJOURN THE MEETING AT 12:12 A.M. COUNCILMEMBER HATCH SECONDED THE MOTION. ALL PRESENT VOTED IN FAVOR. THE MOTION CARRIED.

Approved – June 16, 2009

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Debra Cullimore, City Recorder

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James A. Dain, Mayor