

OFFICIALS PRESENT: Mayor Karen Cronin presided and conducted the meeting.  
 Esther Montgomery, Toby Wright, Brady Lewis, Jim Taylor

OFFICIALS EXCUSED: Nathan Tueller

CITY STAFF PRESENT: Greg Westfall, City Administrator  
 Shanna Johnson, Chief Deputy Recorder  
 Greg Braegger, Public Works Director

OTHERS PRESENT: Amy Davis, Corey Bennion

**ITEM 1: CALL TO ORDER**

Mayor Cronin called City Council work session to order.

**A. FISCAL YEAR 2016-2017 BUDGET WORK SESSION**

Mayor Cronin advised that we will be looking at the final 2 budgets to be reviewed sewer collections and wastewater treatment. She asked Shanna Johnson to go over the collections portion of the Sewer Fund and Greg Westfall to go over the Wastewater Treatment portion of the fund.

Department	FY2016 Current Budget	FY2016 Trend	FY2017 Draft Tentative Budget
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<b>Sewer Collections</b>	<b>\$132,473.01</b>	<b>\$113,945.98</b>	<b>\$166,318.91</b>
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Shanna reviewed changes to the sewer collections budget:

- Wages and benefits have been calculated to allow for a performance increase and to cover a small benefit increase.
- Office Expense and Supplies decreased slightly based on trend.
- Utilities increased by \$225 to allow for inflation.
- Professional and Technical increase by \$1,100 to pay for 1/3 of a firewall and backup storage for the city servers.
- \$500 was added to the Wal-Mart lift station to help pay for maintenance.
- Improvements Other Than Buildings – was decreased due to lack of use.
- City Center Improvements – is a new line item added for \$30,000 for sewer infrastructure in the City Center Subdivision. The improvements are needed to make the lots saleable.
- Depreciation decreased slightly based on the depreciation schedule.

<b>Department</b>	<b>FY2016 Current Budget</b>	<b>FY2016 Trend</b>	<b>FY2017 Draft Tentative Budget</b>
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<b>Wastewater Treatment Plant</b>	<b>\$1,040,668.71</b>	<b>\$1,015,577.55</b>	<b>\$1,040,301.71</b>
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Greg Westfall reviewed the Wastewater Treatment Plant (WWTP) Budget: He said he attended the WWTP meeting and they discussed the need for a lot of equipment to replace i.e. motors, chains, sprockets, etc. He said a lot of the original proposal was to increase line items by 30-40%. He said that he worked with the WWTP Board to help create a budget where they took savings from certain line items and moved these funds to other line items needing to be increased. He said that Fiscal Year 2017 Proposal is the budget that came from the WWTB. He said this includes:

- \$95,000 for Payroll
- \$51,000 for Benefits
- \$100,000 for Equipment Supplies & Maintenance
- Utilities and Phones has dropped \$15,000
- Phosphorous Removal has decreased due to the study being finalized and only requiring treatment for 3 months out of the year. This went from \$22,500 to \$5,000
- Travel and Training was proposed by the Board to remain the same as the current fiscal year \$5,500.
- Professional & Technical decreased from \$16,600 to \$12,000
- Disposal increased by \$500 to allow for any increase in rates
- Depreciation increased based on schedule
- Interest remained the same based on the bond schedule
- Vehicle Expense was left the same

Mayor Cronin advised that there are two budget line items that have been adjusted:

1. Benefits: This was reduced to actual costs, based on the benefit agreements and insurance premiums offered for the employees.
2. Training and Travel: was reduced based on the fact that call outs are no longer being paid from this line item, these have been rolled into the Lead Operators wage and was given to him via a pay increase back in November. Per Perry City policy \$600 is allowed for training per employee. She said there are 2 employees thus there is a budget line item of \$1,200.

Mayor Cronin indicated that an email was sent to Willard City to inform them of these adjustments.

Council Member Taylor asked if both Mayors made the adjustments. Mayor Cronin said no, Perry City made the adjustments based on the fact that the employees at the Wastewater Treatment Plant are Perry City employees and the adjustments are based on Perry City Policy.

<b>Department</b>	<b>FY2016 Current Budget</b>	<b>FY2016 Trend</b>	<b>FY2017 Draft Tentative Budget</b>
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<b>WWTP Cont'd.</b>	<b>\$1,040,668.71</b>	<b>\$1,015,577.55</b>	<b>\$1,040,301.71</b>
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Council Member Taylor asked if there was a list of needed equipment that drove the increase to the equipment budget. Greg said no, there is one large ticket item for chains that have to be installed by a crane and cost \$30,000 if you remove these they are back to the basic budget. Council Member Taylor asked how often the chains must be replaced. Greg said every 5 years.

Shanna advised that the budget be reduced by approximately 1% due to the fact that Phosphorous treatment is no longer needed every month. She said based off the adjusted budget proposal Willard City would reimburse \$126,713.24 in operations and maintenance reimbursement. Shanna said if we were to go off of the proposal prior to adjustment Willard would reimburse \$129,200.

Shanna reviewed the revenues compared to expenditures for the Sewer Fund stating that projected revenues are at \$1,206,620.62, which match the adjusted proposed budget of \$1,206,620.62. She stated that if we add back in the additional monies for benefits and training we would need an additional \$7,314 to be transferred from the General Fund. Mayor Cronin explained that Perry City is already subsidizing the Sewer fund with \$129,000 in general fund monies.

Council Member Wright asked if there is a way to let this budget go through as proposed, stating he is not sure \$4,000 is worth the fight. Shanna advised that there is a difference of \$7,300.

Mayor Cronin said that Greg Westfall has done a really good job in helping the board understand the budget process. Council Member Montgomery said she is very impressed.

Mayor Cronin said that concludes our budget review and recognized Shanna Johnson for all her hard work.

Shanna Johnson said that she has highlighted a few items in the budget workbook indicating budgets that have changed due to depreciation needed based on a new asset schedule received from the accountant. She said there is still currently a 9.28% fund balance remaining after projected expenditures.

Mayor Cronin said the goal was to be at 10% fund balance and the city is very close to achieving this. She stated that she believes that some funds will carry over from the current fiscal year and this should help to get the fund balance to 10%.

Mayor Cronin indicated that she has asked Greg Braegger to put together an overview of what street projects are needed. She said it was a little bit scary when she and staff started

looking at the maintenance schedule and what is needed to keep the City from having to do a full reconstruction of roads. Mayor Cronin said she asked Mr. Braegger to put together a 3 year maintenance plan. Greg Westfall and Greg Braegger gave a presentation on the maintenance needed (see attached).

Mayor Cronin advised that if you add up the maintenance costs and you divided it by the \$180,000 in B&C Road monies received each year, it will take the City 16 years to complete projects needed. Greg Westfall explained that these projects should be completed in the next 3 years. Mayor Cronin said in an effort to be proactive with the maintenance of our roads the City needs another source of revenue to be utilized for roads. She said if the city fails to maintain the roads it faces four times the cost for a reconstruct of the road. She said one way that other cities are generating the revenue needed for maintenance is by implementing a Transportation Utility Fee. These would be restricted funds only to be used for road maintenance; it can be assessed per household per month. Mayor Cronin said that Provo, Pleasant View, and Fruit Heights have implemented these fees. They have not been challenged. The Mayor said this is a legal and in her opinion responsible way to accomplish the maintenance needed for City streets. She said that City Engineer can do a much more detailed assessment of the projects and revenues needed and establish what an appropriate fee would be. She said the alternative is not completing certain projects and at some point facing the need to reconstruct roads. Greg Westfall said this is a growing problem statewide.

Council Member Taylor asked if this would be presented to the voters. Mayor Cronin said this would be a Council decision, but if the voters were not happy with the decision they could put forth a referendum to repeal the decision. Council Member Taylor asked what a ball park figure would be for the fee. Mayor Cronin said that for \$5 a month, the City would have an extra \$100,000 in revenue per year for streets. Mayor Cronin said that would take our project list down to a 10 year schedule instead of 16 year plan. She said that this is a very proactive and responsible thing to do.

Mayor Cronin asked the Council if they would like to move forward and have the City Engineers put together a detailed plan. The Council was in favor of researching this further.

Greg Westfall reported on culinary water projects for FY2017. He said there is \$400,000 worth of projects that the City can fund on its own. Mayor Cronin said that we have gone from 750 gallons per minute from two wells to 250 gallons. Greg said hopefully with the planned projects we can rejuvenate the wells and increase their capacity. He said the other wells are doing fine and producing 1300 gallons per minute. He said if the City needs to shut down one well for several days to perform state compliance maintenance, etc. the City would start running out. Mayor Cronin said in an effort to bring the wells back to producing 750 gallons per minute we plan to refurbish the wells. She said the City is unsure if the refurbishments will accomplish this, as we do not know if the water is available in the aquifer to draw up. Greg advised that future projects for the City include drilling a new well and getting a new water tank. These projects will cost \$3.5M. He said this is a standard price, and the projects will be needed in order to increase our supply of

water in order to accommodate new large developments. He said that the City would need to bond for this project and the monthly household water rate would increase by \$6.00 a month for 30 years.

Greg reported that in terms of conservation out of 1700 homes in Perry there are only 1000 that are connected to Pineview secondary water. He said the other challenge is that we do not charge a lot for water overages, and it costs quite a bit to hook up to the secondary water system. He reviewed two types of water users:

- Those that have access to Pineview – allowed 10,000 gallons at base rate
- Those who don't have access to Pineview – allowed 15,000 gallons at base rate

He said that we currently charge an overage rate of \$0.95 per 1,000 gallons over the monthly base allotment of water. He recommended a tiered option which overage charges for the first 10,000 gallons over for those with Pineview and 15,000 gallons over for those without Pineview would still only be charged at \$0.95 per 1,000 gallons, but would increase to \$2 for each 1,000 gallons thereafter.

Mayor Cronin asked if the Council had any concerns with this approach. There were no comments against this. She advised that they will discuss this further in the next meeting.

## **ITEM 2: ADJOURNMENT**

Mayor Cronin closed the work session.

The meeting adjourned at 7:00pm.

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Susan Obray, City Recorder

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Karen Cronin, Mayor

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Shanna Johnson, Chief Deputy Recorder