

City Council
Budget Retreat Meeting Minutes
July 12, 2018 continued to August 2, 2018

July 12, 2018
Police Department Training Room
992 West Via Appia
1:00 PM

Call to Order – Mayor Muckle called the meeting to order at 1:15 p.m.

Roll Call was taken and the following members were present:

City Council: ***Mayor Robert Muckle***
 Mayor Pro Tem Jeff Lipton
 Councilmember Jay Keany
 Councilmember Chris Leh
 Councilmember Susan Loo
 Councilmember Dennis Maloney
 Councilmember Ashley Stolzmann

Staff Present: ***Heather Balsler, City Manager***
 Megan Davis, Deputy City Manager
 Kevin Watson, Finance Director
 Joe Stevens, Parks & Recreation Director
 Aaron DeJong, Economic Development Director
 Kurt Kowar, Public Works Director
 Rob Zuccaro, Planning & Building Safety Director
 Becky Campbell, Interim Library Director
 Dave Hayes, Police Chief
 Kathleen Hix, Human Resources Director
 Meredyth Muth, City Clerk

DISCUSSION/DIRECTION/ACTION 2018-2019 BIENNIAL BUDGET

**2017 Year-In-Review, Long-Term Revenue Assumptions & Expenditure Targets,
Long-Term Fund Financial Forecasts**

Director Watson noted this is to be a discussion of the Capital Improvements Plan, not the operational budget items which will come later.

Director Watson reviewed the proposed revenue assumptions for the 2019-20 budget. He noted the expenditure turn back was 7% over projection which allowed us to begin the year with \$1.5M more than anticipated in revenue. Director Watson reviewed the various funds individually.

REVENUE

Watson stated staff is currently assuming a 4% growth for sales tax assumptions. He asked if that number is acceptable to Council.

Councilmember Stolzmann noted Hobby Lobby is closed and Lowes might close so this number might be too aggressive. City Manager Balser stated staff feels comfortable with 3% given the unknowns, but that it is up to Council.

Councilmember Leh asked what trends other municipalities are seeing. Director Watson stated many are concerned about a drop off in 2019 and later. Many communities are experiencing flat growth now.

Councilmember Maloney stated he supports 3%. Mayor Muckle supported 4%.

Mayor Pro Tem Lipton stated expenditures will likely rise faster than revenues so maybe a smaller number is better. Councilmember Leh and Councilmember Loo agreed.

Members decided to use the 3% rate.

Director Watson reviewed the revenue assumptions for all funds.

Councilmember Loo asked if building permit fees will be affected by the recent hail storm. Director Zuccaro stated most all of the fees we take in will be offset by the temporary staffing needed to process and inspect those permits.

Members discussed property tax and options related to the mill levy and options on paying back the recreation center bond issue.

EXPENDITURES

Director Watson noted wages are targeted at a 5% increase per year 2019 – 2024; this does not account for any new positions. This cost is about 50% of all General Fund costs. This will be clarified as new position requests are incorporated. He also reviewed the projections for benefits: 6%; supplies: 4%; purchased services: 7%.

Director Watson reviewed the long-term fund forecasts for each fund. He noted the Golf Course fund cannot support the long-term lease or CIP projects they are asking for and this may require a transfer from other funds.

2019 – 2024 Capital Improvements Plan (CIP)

Councilmember Maloney stated for the open space requests the ongoing maintenance costs seem too low. He noted that for the enterprise funds it is hard to put the requests in context not knowing the rates.

Councilmember Loo asked how the recreation items are divided from general CIP vs being paid for with the new tax. Director Watson stated everything in this CIP is not part of the upgrade. The Finance Committee have discussed that the capital projects fund will continue to fund capital projects for the recreation center. The new tax funds will not be comingled with CIP funds. Director Stevens stated these CIP requests are based on previous needs from before the expansion.

Page #30 Open Space & Parks Trails & Directional Signs – Councilmember Loo asked how this combines with #44 (new trails). She feels it is too much to spend on signs. She would like details on how much is for signs and how much is for trails.

Mayor Pro Tem Lipton asked that staff be clear on the CIPs to show the long-term maintenance costs of projects.

Mayor Pro Tem Lipton asked why some of these are CIPs, not operational. If a project is committed to be done every year and is under 10K, it should be in operating.

Page #33 Fishing Pond Dredging & Master Plan – Councilmember Stolzmann asked if we understand the long-term ways to solve or treat this. Director Stevens stated staff is working with experts to get better information. Council suggested completing the master plan and creating a good scope of work in year 1 before implementing dredging.

Page #34 Coyote Run Slope Mitigation – members discussed how to split the costs among the funds. Mayor Pro Tem Lipton thinks it should be paid entirely from Open Space. Mayor Muckle disagreed stating it about protecting infrastructure uphill from the slump; fixing it is of no value to the open space. Councilmember Stolzmann supports funding from CIP. Councilmember Leh agreed.

Councilmember Loo disagreed, the open space has risks and people need to understand there are downsides to living on open space and it costs money so people should know there are expenses. She suggested 50/50.

Mayor Pro Tem Lipton stated he would like to allocate it to Open Space for transparency and accuracy but it will require a transfer from General Fund. Mayor Muckle stated he supports this if it is a transfer from General Fund but not if it takes away from operation and maintenance of parks and open space.

The consensus was a 50/50 split of Coyote Run costs.

Page #35 Park Division Equipment Replacement – Councilmember Stolzmann asked for more clarity on what is being replaced. Staff will provide a list.

Page #38 Forestry Chip Truck – Councilmember Stolzmann would like more information on how this will affect the KPIs. Director Stevens stated the priority for trees is health and safety; if we want to look into aesthetic issues, more staff is needed. This truck will make it more effective, but it won't solve the aesthetic issues.

Page #41 Conex Box Purchase – Councilmember Stolzmann stated these items should be stored at City Shops not at wastewater. Others were fine with it as proposed.

Page #42 Sundance Park Master Plan – Mayor Pro Tem Lipton thinks it may be too low of an amount. Councilmember Stolzmann asked if it could be done sooner.

Page #43 Recycling Cans for Parks – Mayor Muckle would like this completed in 2019. Councilmember Stolzmann would like it expanded to all the parks.

Page #45 Park Development Cottonwood Park – Councilmember Loo asked why this is 2021 and can't it be completed earlier. City Manager Balsler stated it is due to staff capacity. Councilmember Loo noted this might be a logical place for a dog park.

Page #48 Playground Replacement – Councilmember Stolzmann would like one done in 2019.

Page #49 Center for the Arts Restoration – Councilmember Loo would like the project paid 50/50 from CIP and the Historic Preservation Fund. Members agreed.

Page #51 Space Needs Study – Councilmember Keany stated moving council chambers out of downtown gives him pause. Members agreed the study should review all options and look at all alternatives.

Page #52 Utility Line Undergrounding – Councilmember Stolzmann asked that the Revitalization Commission (LRC) participate in a cost share in the area in the revitalization area.

Page #53 Document Management Enhancements – Councilmember Stolzmann asked if this is needed. Muth stated this is for handling the large backlog of paper documents and addressing point forward needs. Councilmember Leh stated for transparency and uniformity purposes this makes a lot of sense. Councilmember Stolzmann asked for more detail on the CIP request form.

Page #55 Downtown Patio Expansion – Councilmember Stolzmann asked if this is expanding to other locations and what is the geographical area this is for. Director DeJong stated this is just to pay for more patios if we have requests for more next summer; there are no plans to expand the program to new locations.

Page #61 Bus Stop Improvements – Councilmember Stolzmann asked if it could include trash cans and emptying them. Director Zuccaro stated that would have staff costs. City Manager Balser stated this would be a question of prioritizing staff time and capacity.

Page #63 Police Department Basement – Mayor Pro Tem Lipton feels the cost estimate is too low.

Page #77 Street Lighting Safety Upgrades – Councilmember Stolzmann stated we should consider smart street lights holistically. She stated she gets many complaints about too much lighting and light pollution; many people would rather have less light in some of these places. We should develop a standard for what we want for areas. The consensus was to only install one light at the bus stop at Via Appia and South Boulder Road.

Page #78 & 79 Downtown Upgrades – Councilmember Stolzmann suggested asking the ask LRC to help pay for these items. Mayor Pro Tem Lipton asked if perhaps the projects could be combined into one year.

Page #80 ADA Parking Improvements – Councilmember Stolzmann suggested asking the ask LRC to help pay for these.

Page #86 Downtown Ornamental Light Replacement – Mayor Muckle would like a fixture with more down casting. Councilmember Stolzmann suggested the LRC contribute to the funding.

Page #87 Pavement Management Program – Councilmember Leh asked if this is too much money. Councilmember Stolzmann asked if it gets us to the pavement rating we have set. Director Kowar stated we just completed year 2 but think we are on track to meet the goal.

Adjourned at 4 pm. Council will schedule another meeting to continue these items.

Budget Retreat Continued

**August 2, 2018
City Hall
749 Main Street
6:00 PM**

Call to Order – Mayor Pro Tem Lipton called the meeting to order at 6:00 pm noting this is a continuation of the budget meeting on July 12, 2018.

Roll Call was taken and the following members were present:

City Council: **Mayor Robert Muckle (arrived 6:04 pm)**
 Mayor Pro Tem Jeff Lipton
 Councilmember Jay Keany
 Councilmember Chris Leh
 Councilmember Susan Loo
 Councilmember Dennis Maloney
 Councilmember Ashley Stolzmann

Staff Present: **Heather Balsler, City Manager**
 Kevin Watson, Finance Director
 Aaron DeJong, Economic Development Director
 Kurt Kowar, Public Works Director
 Rob Zuccaro, Planning & Building Safety Director
 Becky Campbell, Interim Library Director
 Dave Hayes, Police Chief
 Kathleen Hix, Human Resources Director
 Ember Brignull, Open Space Manager
 Kathy Martin, Recreation Superintendent
 Dean Johnson, Parks Superintendent
 David Baril, Head Golf Professional
 David Dean, Golf Course Superintendent
 Allen Gill, Parks Project Manager
 Meredyth Muth, City Clerk

Mayor Pro Tem Lipton the goals for the meeting are to provide comments on the CIP projects; to discuss the financial policies and give feedback; to discuss and agree on the budget calendar; and to discuss anything else related to the budget that has not been addressed.

DISCUSSION/DIRECTION/ACTION 2018-2019 BIENNIAL BUDGET

2019 – 2024 Capital Improvements Plan (CIP)

Mayor Pro Tem Lipton asked if anyone had questions about the changes/updates staff provided in the packet.

Councilmember Stolzmann would like to make sure three things are answered in the later budget presentations: if we need to address the cost increase in supplies; if the sales tax revenue will be changed for 2019/20; and how the new Recreation tax affects the CIP requests.

Councilmember Maloney asked if for #13 Coyote Run Slope Mitigation if we need a place holder for that in 2019. City Manager Balser stated the plan is to complete the project in 2018.

Mayor Pro Tem Lipton suggested a plan for the meeting: do not review the utility CIPs tonight but take them to the Utility Committee to be reviewed individually. He suggested the Recreation/Golf/Memory Square CIPs be reviewed by Rec Advisory Board before Council discussion. Members agreed to this plan.

Council started discussion where it left off on July 12 on CIP page #88.

Page #89 Median Landscape Renovation – Councilmember Loo stated she thought this wasn't to be a wholesale redo of medians. Councilmember Maloney asked if design and construction can't be done together. He feels the annual maintenance costs that are listed are much too low.

Councilmember Stolzmann stated that when a detailed plan for the medians is ready it needs to come back to Council for more input. Councilmember Loo noted PPLAB will also need to weigh in.

Mayor Pro Tem Lipton noted staff needs to be more accurate in the annual operating costs for all of the CIP sheets.

Page #91 – Councilmember Stolzmann stated at a Louisville Superior Joint Issues Committee meeting they discussed possibly doing a public-private partnership (P3) for sports fields and does that idea affect this. City Manager Balser stated these are current needs and any P3 may take a while to implement.

Mayor Muckle left at 6:23 pm.

Page #102 Historical Museum Visitor Center Design – City Manager Balser stated this is based on the conversations of Council earlier this year. Councilmember Maloney asked if the HPF can contribute to this. Director Zuccaro stated it wouldn't likely fall under operations money but possible under HPF grants.

Councilmember Stolzmann stated she thought the last round of design was to get enough detail for fund raising, and this seems to be for more than that. We should hold off until we get the results of a ballot question or the fund raising campaign. We can add it in to the budget later on if we want to. We should make it clear we are hoping to get ballot money or fund raising money to pay for this rather than pay this outright from the CIP. Councilmember Maloney would like that foot noted.

Councilmember Loo asked if this includes renovations of existing buildings. We should be able to take care of what we have and that should be separated out from the design of the new building.

Mayor Pro Tem Lipton stated we need a schematic design before we go to ballot so we have a true idea of the numbers. If the survey results are good we can move this to 2019. Councilmember Keany agreed we need a 30% design to get a good cost estimate.

Mayor Pro Tem Lipton would like to know what the legal limitations are to using the HPF for this and would like a 50/50 split on HPF and other funding.

City Manager Balsler summarized the conversation: the plan is to leave this in 2020 as a placeholder and look for additional funds; this will be noted as a footnote. We will remove the existing building renovations to a separate CIP.

Page #103 Contract Striping – Mayor Pro Tem Lipton asked why this is CIP not maintenance. Director Kowar stated it can be moved to operating.

Page #104 Traffic Signal Controller Art – Mayor Pro Tem Lipton would like to it removed, Councilmember Keany supports keeping it. Councilmember Loo asked if the LCC could be involved.

Page #105 Illuminated Street Signs – Councilmember Loo asked why this is needed. Director Kowar stated it helps with visibility at night, but it is discretionary. Members agreed to remove it.

Page # 106 Traffic Signal Painting – Members agreed this should be maintenance or operations, not CIP.

Page #111 Decorative Streetlight LED Conversion– Councilmember Keany asked if this is downtown or city wide. Hogan stated it is citywide to replace heads with similar shaped ones. Councilmember Stolzmann would like to be part of a larger lighting program to see if there are other things we should be doing along with this; is there new technology to consider. Councilmember Stolzmann stated all kinds of new technology that should be investigated.

The consensus was to leave construction money in 2020 and allocate some planning money in 2019. This priority may change based on if Xcel has interest in helping or if any new programs are available.

Page #112 Tennis Court Renovations – Councilmember Loo asked if this will change based on the recent hail damage. City Manager Balsler stated it might change when the insurance information is figured out. Send to Rec Board for review.

Page #116 Repurpose Inline Rink – Mayor Pro Tem Lipton stated we should allocate some planning money earlier to decide what to do with this asset that is underutilized.

Councilmember Keany asked if this should be used for parking. Members decided to send this to the Rec Board for consideration.

Page #120 Multi-Purpose Field – Councilmember Stolzmann asked if this should include consideration of this area as a dog park. City Manager Balser will remove both 116 and 120 and put in one for planning for both items.

Page #117 Alley Paving – Mayor Pro Tem Lipton stated this is a low priority for him. Councilmember Keany stated the alleys are in serious disrepair that need help. Director Kowar stated staff will use the condition and location of each alley as the guide.

Page #122 Rec Center HVAC Replacement – Mayor Pro Tem Lipton would like to add design costs in an earlier year. Director Kowar stated this may be affected by current insurance issues from the hail storm.

Page #123 Subdivision Entry Landscape Improvements – Councilmember Loo stated she gets a lot of complaints about this. Councilmember Stolzmann stated some complaints are about visibility and those need to be addressed. This is a high priority for Councilmember Stolzmann.

Councilmember Maloney stated there are defunct HOAs and some of these look terrible and need to be addressed. Mayor Pro Tem Lipton would like to allocate money for 2019 to plan for how to address this. Members feel this is a high priority.

Page #124 Sports Complex Facelift with Lafayette – Councilmember Leh stated it is unlikely Lafayette will contribute much for this, but we should address the accessibility issues. Councilmember Keany asked if we can make it ADA compliant sooner. Mayor Pro Tem Lipton asked to put design money in 2019. City Manager Balser stated staff will bring back options.

Utility Items – City Manager Balser stated all of these projects have gone to the Utility Committee and staff made changes based on that discussion. The rate information has informed these recommendations and these do not include operational costs.

Councilmember Stolzmann stated the Committee went through each project individually and this set is from that review. City Manager Balser stated this includes consideration of rates and debt capacity.

Page #133 – Sid Copeland Water Treatment Building Upgrades – Councilmember Loo asked if gender specific bathrooms are needed. Director Zuccaro stated once the building hits a certain occupancy level that is required.

Members reviewed the CIP Items staff deleted from the six-year plan.

Page #184 Drinking Fountains – The consensus was to put this back in the CIP.

Page #187 City Entry Signs – Councilmember Loo would like simple green signs at the entryways to mark our boundaries. Councilmember Keany agreed. Councilmember Leh would like the larger gateway signs. The consensus was to leave them out of the CIP for now and discuss in the 2019 work plan.

Page #189 – Highway 42 – City Manager Balsler left these out while we are completing the Transportation Master Plan and prioritizing transportation projects. Councilmember Maloney stated we need placeholders for whatever projects we do prioritize. He wants placeholders to recognize we are going to have significant costs in the future.

City Manager Balsler stated Hwy 42 may receive funding from the current ballot issue and how we plan to fund Hwy 42 may affect this. Councilmember Stolzmann would like a general sheet for TMP projects as a placeholder in the CIP.

Mayor Pro Tem Lipton stated perhaps we need some planning money for 2019.

Members decided to put in a placeholder for Transportation Projects generally; \$3M each for construction for two years and adding money for planning, knowing it will change as the TMP is completed and the ballot issue is decided.

Mayor Pro Tem Lipton would like some planning money included so we are ready if additional money becomes available.

City Manager Balsler will bring back a recommendation.

Councilmember Stolzmann suggested a CIP needs to be added for the downtown surface parking expansion depending on how the Voltage project proceeds.

Councilmember Stolzmann asked about the request to remove street lights where there is too much lighting. Director Kowar stated a neighborhood meeting is needed to hear from both sides.

Councilmember Stolzmann stated she would like to see some renovation of the bike part at Community Park; it needs to be rejuvenated, spruced up. Consensus is it is minor and will be addressed.

Councilmember Stolzmann stated the Community Park plaza garden needs to be tidied up; and the Community dog park needs improvements and its maintenance should be prioritized. The Parks Board plans to review the list.

Councilmember Stolzmann would like to add solar to the Rec Center; many people have requested this. Mayor Pro Tem Lipton stated this should be on the 2019 work plan; this would be symbolic as we are getting the same results from the solar garden participation. Councilmember Stolzmann stated we could lease it out to someone else.

Councilmember Loo noted she has had requests for more community gardens.

UTILITY RATES

Director Kowar stated staff is adhering to the goal of holding rates at 3-4% increases for the next few years. The Utility Committee reviewed three versions of the CIP projects putting the water rate increase at 3.5% each year for the next few years. They do not think there is a need to bond for any of the projects. For wastewater some projects need to be completed; that totals at 7% per year increases.

Director Kowar reviewed four options for stormwater rates. Members discussed the stormwater projects that are triggering the recommended surcharges, specifically the Highway 42/Hecla underpass. They discussed whether or not it should be paid for by a surcharge or paid by CIP or General Fund. The surcharge increase is 110% in 2019, approximately \$12/month.

Mayor Pro Tem Lipton noted if we fund the underpass entirely through the General Fund it reduces our ability to fund everything else.

Mayor Pro Tem Lipton stated it will be easier once we see the whole rate table; we could also ask staff to work with the Utility Committee to come up with other ideas with and without the surcharge without ignoring critical projects.

Financial Policies

Mayor Pro Tem Lipton stated there are four items that need to be discussed tonight.

1. *Direction on budget practice of transfers to the Open Space & Parks Fund.*
2. *Direction on the staff recommendation to change the Open Space targeted fund balance.*
3. *Direction on recommendation to revise the City's policy to include the annual fee inflator for the waste removal contract*
4. *Finance Committee recommendation to establish a separate fund for revenues and reserves from the Recreation Center tax.*

#1. Direction on budget practice of transfers to the Open Space & Parks Fund.

Director Watson stated the Open Space & Parks Fund is not self-sustaining and requires some transfer to sustain itself long term. Staff would like to find a systematic approach for long term financial planning for the fund. Staff recommends taking the 2007 amount of the Parks fund, inflate that by CPI to 2018 and that will be the transfer. Director Watson stated staff is looking for direction so this can be built into the financial policies and brought back for adoption.

Councilmember Maloney stated we need a rational way to do this. Once we set a policy it obligates us even if we have a down turn. Mayor Pro Tem Lipton stated we could give direction for 2019-2020 without creating a policy, just an allocation. He noted once it is policy we have much less flexibility.

City Manager Balser stated that would work, but then staff will have to make assumptions for long term models.

Councilmember Maloney suggested a zero base approach rather than calculating an inflator. Director Watson stated options can be provided based on the service level Council wants to set.

Councilmember Stolzmann stated we need to determine what we want to pay for and what it costs and use that as a basis for the policy. Mayor Pro Tem Lipton suggested taking the 2018 budget allocation based on the transfer and use that as a starting point for the 19/20 request.

Councilmember Stolzmann stated we will need to identify the goals we want to hit with that money. Councilmember Maloney stated we can use that as context for the policy.

Director Watson noted the fund is already under water even with the transfer. Councilmember Maloney stated then we will need policy discussion on what our service level expectation is for open space and parks.

The consensus was there is not enough time to create a policy for this budget cycle and staff will continue with the current practice for 2019 and spend more time to determine the policy for the next budget cycle. Staff will use the current practice for projections until we have a policy. This will be added to the 2019 Work plan.

#2. Direction on the staff recommendation to change the Open Space targeted fund balance.

The current policy is to have a targeted fund balance for Open Space acquisition. Staff is recommending eliminating the acquisition target but keep the fund minimum and provide discretion to Council to fund it at a higher level as they chose. Members agreed with the recommendation.

#3 The Finance Committee recommends we include a fee inflator to the miscellaneous fees and charges to reflect the increased cost of doing business.

Councilmember Stolzmann fine with the idea of this as long as it is clear it is based on the cost of providing services and is only done from time to time to true up the costs. Members were in agreement with the recommendation.

#4 Finance Committee has recommended establishing a separate fund to track revenues, expenditure, and reserves for the Recreation Center and Memory Square Pool.

Mayor Pro Tem Lipton stated they are looking at a 20-25 year model for equipment replacement, building maintenance and the like consistent with the tax language. It would include all revenues. Members were in agreement with the recommendation; details on the transfer and reserves will be worked out by Council at a later date.

Staff will need some direction at a later date on the continued subsidizing of the golf course from the General or Capital Fund.

Budget Calendar

Director Watson reviewed the proposed budget calendar and a possible change to move the September 4 introduction of the budget to September 17.

Members reviewed the advanced agenda.

ADJOURN

Members adjourned at 9:40 pm.

Robert P. Muckle, Mayor

Meredyth Muth, City Clerk