

**Joint Grand County Council - Budget Advisory Board
SPECIAL MEETING**

**Grand County Council Chambers
125 East Center Street, Moab, Utah**

October 4, 2018

The Grand County Council and the Budget Advisory Board (“board members”) met jointly in Special Session on the above date in the County Council Chambers. The meeting was called to order by Budget Advisory Board Chairperson Chris Baird at 8:30 a.m. with a quorum of both boards present. In attendance at the call to order were Budget Advisory Board Members: Chris Baird (Budget Officer), Evan Clapper (Council Member), Jaylyn Hawks (Council Member), Elaine Gizler (Moab Area Travel Council Executive Director), and Zach Wojcieszek (Citizen). Absent from the Budget Advisory Board was Diana Carroll (Clerk/Auditor). County Council Members present at the call to order were, in addition to Budget Advisory Board Members/Council Members Clapper and Hawks: Council Chair Mary McGann, Council Vice Chair Curtis Wells, and Council Member Terry Morse. Absent from the County Council was Council Member Greg Halliday. Also in attendance was Ruth Dillon (County Council Administrator) to take minutes.

Chris Kauffman (Treasurer/Budget Advisory Board member) arrived soon after the call to order.

A. Budget Advisory Board Action Items

A1. Approving minutes of September 26, 2018 meeting which include as an attachment the minutes of the September 19, 2018 unofficial meeting-

MOTION: Motion by Evan to approve the minutes of September 26, 2018, which include as an attachment the minutes of the September 19, 2018 unofficial meeting, was seconded by Jaylyn and carried 6-0.

A2. Presentation and possible revision of 2019 proposed operating budget(s) (in order of presentation)-

A2a. Emergency Management, postponed from September 26, 2018-

Chairperson Baird postponed by acclamation to a future meeting.

A2b. 911 Emergency Funds, postponed from September 26, 2018-

Chairperson Baird postponed by acclamation to a future meeting.

A2c. Misc. Grants, postponed from September 26, 2018-

Chairperson Baird postponed by acclamation to a future meeting.

A2d. Family Support Center, postponed from September 26, 2018-

Chairperson Baird postponed by acclamation to a future meeting.

Budget Advisory Board or County Council Action Items

A2e. General Fund and Library Fund Overview-

Chairperson Baird provided the General Fund budget on-screen (in addition to handouts). He reviewed with both boards the General Fund budget, stating that it does not include salary adjustments or an expected increase to health insurance costs. He reported that this budget is “well balanced in absence of the salary adjustment.” He reported the additional costs to the General Fund would be approximately \$830,000 and approximately \$1.1 million countywide. He stated that all funds except the General Fund and Library Fund will balance with the proposed salary adjustments.

A2f. Position Pay Plan, Employee Pay Plan, & Elected Official Pay Plan- Position Pay Plan

Chairperson Baird provided the Position Pay Plan budget on-screen (in addition to handouts). He provided an overview and reported that the budget currently includes only a few of the requested positions: proposal for 2 new dispatch positions in the Jail budget that are required in order to maintain the county's certification in Dispatch; proposed Administrative Assistant in the Jail budget (in place of a jail maintenance position). He stated that other requests include a Human Resources Assistant (General Fund budget), and IT/GIS Technician (General Fund), and a Travel Council part-time social media position (TRT promotion budget).

Chairperson Baird reported that Trail Mix employee costs are not yet figured into the proposed budget, but that it appears that the positions could be funded with Local Option Sales Tax for Transportation revenues which allows for the funding of operations on the active transportation side of the law but not on the road side of the law, thus there would be no expense on the General Fund; he stated further that nearly \$370,000 in Class B Road funds would still be left over after funding Trail Mix operations. Council Member Wells inquired as to the cost of moving the Trail Mix employees from CNHA (Canyonlands Natural History Association) and moving them into full-time positions, and Chairperson Baird responded that, without a deficit to the General Fund, it would cost approximately \$100,000 for 2019, which could grow to \$135,000 by 2020 with the expectation that the Trail Mix Fund Balance of approximately \$57,000 would no longer be able to lend support to the budget. He reiterated that this does not detrimentally affect the Class B Road Fund Balance.

Chairperson Baird stated that the county is not allowed to budget (2019 budget) for new growth (increase in assessed values of real properties) in 2019, even though there will be new sizable growth based on proposed and pending development. Chris Kauffman reported that in 2017, the county brought in \$81,000 more in revenues to the General Fund than was budgeted for as well as \$16,000 to \$20,000 for the Library, and in 2018, the county brought in \$127,000 more to the General Fund than was budgeted for, plus revenues for the Library.

Chris Kauffman reported that Union Pacific appealed their value, which could reduce their value by approximately 50%, a huge impact of \$33 million in centrally assessed property values, and an \$80,000 loss in tax revenues to the county. Chairperson Baird explained that the \$80,000 in revenues will go to escrow for 2018, so he explained that he pulled it out of the 2018 and 2019 budgets. Chris Kauffman explained that the escrow is only certain for 2018, but uncertain for 2019. After discussion, Chairperson Baird placed it back into the 2019 budget.

Chairperson Baird provided the Taxes (revenue) budget on-screen (in addition to handouts). He reviewed the General Property Tax line item, currently at \$2,703,740, stating that if the county were to budget more than this figure, then a property tax increase would be required. He explained that property tax revenues are less and less of a component of total revenues to the county of \$12.7 million due to relying on sales and use taxes, which he described as an appropriate strategy with tourists paying a sizable portion of sales and use tax, and local property owners paying a sizable portion of property tax.

Council Member Wells inquired about the Fund Balance ("rainy day fund") of the General Fund, and Chairperson Baird reported the balance at \$4.1 million remarking that it would be drained in approximately four years if it were to be used for salary adjustments. Council Member Wells suggested a potential Council commitment to salary adjustments in 2019 and taking next year to capture new growth in assessed values and thus in property taxes in 2020, to have new arrangements potentially for TRT mitigation uses in 2020, and to potentially make new arrangements with Moab City in sharing costs in 2020. Chris Kauffman explained the maximum size allowable for the "rainy day fund," per State law: The greater of 1) the amount of the property tax revenues, or 2) 50% of the General Fund revenue (or currently 50% of approximately \$12,700,000 which equals \$6,350,000)

Chairperson Baird provided the Library budget on-screen (in addition to handouts). He reiterated that the Library

revenue is not capable of paying for salary adjustments, and that the Library's primary revenue is property taxes.

Chairperson Baird provided the Intergovernmental budget on-screen showing \$79,000 in TRT mitigation for the Emergency Medical Services District and \$325,000 in TRT mitigation for the Solid Waste District. Council Member Wells stated that, from yesterday's Council workshop on mineral lease and TRT mitigation allocations, more monies were freed up for the General Fund for law enforcement and Search and Rescue (Sheriff's Office budget).

Elaine reported that TRT revenues through July 2018 is up 21% at \$3,762,000, reporting that May 2018 was much bigger than May 2017. She reported that Arches National Park visitation is up only 8.8% through August year-to-date, and that Canyonlands National Park visitation is down nearly 1% through August year-to-date. Chairperson Baird reported having budgeted for an 11% increase in TRT revenues. He explained that TRT is slowly normalizing from the peak revenues derived from the State's "Mighty Five" campaign, combined with the prior years' National Park centennial and Easter Jeep Safari 50-year anniversary campaigns.

Chairperson Baird again provided the Library budget on-screen, noting that \$764,000 of the \$797,000 total revenue is property tax. He and Carrie Valdes, Library Director, reported that the Library has a Fund Balance of approximately \$540,000 as of the beginning of the 2018 calendar year, and that a draw from Fund Balance would be required for salary adjustments if there is no property tax increase.

Position Pay Plan Methodology

Chairperson Baird reviewed the methodology of the Position Pay Plan, explaining that the grade for the position at step 1 (with no prior experience) was established completely independent of the employee in the position. He further explained that the market starting data represents the average starting salary from the market data provided last year by consultant Mike Swallow of Personnel Systems and Services. He proposed a new step and grade chart, with Grade 1 Step 1 at \$14.56 per hour (to include the 2018 2% cost of living adjustment). Chairperson Baird explained that, for purposes of comparison, all the positions are annualized at full time hours of 2,080 per year, including the high school apprentices at a rate of \$14.28 per hour who in reality work only 200 hours per year.

Council Member Rory Paxman arrived at 9:25 a.m.

Chairperson Baird reviewed the current county policy requiring 8 years of relevant experience for every step (at 3%) for external hires, and 4 years for every step for internal hires. He expressed that this policy needs to be reviewed.

Chairperson Baird reviewed his process of working directly with the Council Administrator, Department Heads and Elected Officials in reviewing the market data, pulling out outlier data, and ultimately increasing the confidence of the data. He reported that other adjustments outside the standard formula were made with the Sheriff's Office due to Moab City recruiting away the Sheriff deputies; more specifically, he stated that the only data used for Sheriff's Office salaries were the data from Moab City (Police Department) since retention in the Sheriff's Office is the primary county retention issue. He also referred to the substantial cost of training each deputy through Peace Officer Standards Training (POST), in addition to overtime expenses for not having a fully staffed Sheriff's Office.

Employee Pay Plan

Chairperson Baird provided the Employee Pay Plan on-screen (in addition to handouts). He reviewed the proposed formula of taking the market starting salary for each position and adding 1.5% per year of employee service with the county for each employee for a derived value, remarking that this mirrors the county's current milestone merit policy. He reported that he then assigned a step, using the proposed step and grade chart, as close to the derived value as he could get. He reported that, in some cases, employees were making enough or more than the formula showed, which required him to find as close a step as possible that would not create a pay cut. He further reported that he has been asked about using exemplary merit increases; he reported that, participation in the exemplary program put these employees closer to a salary that is comparable on the market. He reported that the exemplary merit increases

were maintained in the proposed adjustments, He reviewed the difference between the proposed rate and the current rate of pay for each position, explaining that the higher the figure (the difference), the redder in color, and the lower the difference, the greener the color. Chairperson Baird explained that this chart utilizes actual hours of work expected per employee. He indicated that there is still a lot of compression near the top earners. He further explained that, for Sand Flats Recreation Area employees (an enterprise fund with varying annual hours of full-timers), he used actual hours worked in 2017 to project the hours for 2019.

Chairperson Baird reported that he considered transferring the current grade over, but found that there was no singular identifiable formula to arrive at the current grades, given that the Pay for Performance Program was not created until January 1, 2009, so he instead used the proposed formula that gives steps for years of service with the county.

Ruth brought up the fact that there were other proposed exceptions to the formula. Chairperson Baird explained each one:

The Dispatch Supervisor received a proposed increased grade from the market because the Sheriff felt that it was a sergeant-level position.

The Sand Flats Program Director received a proposed increased grade from the market data in order to be more equitable with other Department Heads in the county.

Chairperson Baird reiterated the need for having the apprentices on the step and grade chart for ease with payroll processing, and explained that he included them at the county's minimum wage of \$14.28 per hour in the proposed pay plans.

The Library Assistant positions require a college degree, so the proposed salaries were adjusted higher accordingly through a grade increase.

He reviewed Department Head proposed grades, ranging from grade 9 through grade 20, with the Council Administrator at grade 23, stating that a minimum grade for a Department Head should be higher than 9. An adjustment was made, following board discussions, to make the Grand Center Program Director a grade 13 with the responsibility of several employees and an entire facility.

The Travel Council Executive Director received a proposed increased grade from the market data due to not having much market data, the fact that the position was on the cusp of the grade data, and to equalize pay between Department Heads.

Board members discussed the need for adequate step increases for years of relevant experience prior to hiring externally. It was noted that, when the County Council considers the change in the policy, it may affect more positions.

Ruth brought up the fact that the new Assistant City Manager position has a starting salary that is higher than the proposed starting salary for the County Council Administrator position. Chairperson Baird remarked that Moab City is hiring near the 100th percentile.

Chairperson Baird reminded board members that a big point in providing equanimity with the salary adjustments is to increase morale.

Elected Official Pay Plan

Chairperson Baird provided the 2018 UAC Salary Survey on-screen (in addition to handouts). He explained that Morgan County Council (the only other county with our form of government) is the closest direct comparison with

County Council Members. He stated that Morgan County in 2017 more than tripled salaries for their Council and created a structure with the Chair earning more than the Vice Chair, and the Vice Chair earning more than the remaining Council Members.

Council Member Wells stated that workload and demands should be factored in, and not simply based on similar population, due to the volume of tourists and growth in our county.

Chairperson Baird explained that he used salary averages of Utah 2nd through 6th class counties, deleting the 1st class county data (with classes based on population, 1st class counties being the most populated, and Grand County being 5th class). He reviewed the outlier data that were pulled out of the proposed salaries. He stated that a major adjustment for the Sheriff position is proposed because incorporating the 6th class data would have created compression between the Sheriff's salary and deputies. Chairperson Baird stated that the Sheriff's Office is impacted by tourism more than most all other county offices and departments, with call volume per officer being similar to a 1st or 2nd class county.

Chairperson Baird provided the Elected Official Pay Plan on-screen (in addition to handouts). Jaylyn and Evan explained the Budget Advisory Board's motion in a prior meeting for using Elected Official average salary data from 2nd through 6th class for each Elected Official position except for the Sheriff position (and instead using average Sheriff salary data from 2nd through 5th class counties).

Chairperson Baird brought up that federal law takes precedence over local ordinances and policies, that if working full-time hours (defined federally as 30 or more hours on average over any 6-month period), then the employee has the right to full-time benefits.

Chairperson Baird made a "what if" change to \$32,772 per Council Member to view the increase over the proposed amount.

Council Member Wells stepped out.

BUDGET ADVISORY BOARD MOTION:

MOTION: Motion by Elaine that the Budget Advisory Board take the salaries of Grand County Council Members to \$31,000 per year each, based on the average salaries of 2nd through 6th class counties. Jaylyn seconded. Discussion ensued regarding the salary for the Chair and Vice Chair. It was determined that the Vice Chair's responsibilities in Grand County are to fill in for the Chair in their absence and thus not enough to require a higher salary than other Council Members.

Council Member Wells returned.

BUDGET ADVISORY BOARD MOTION:

MOTION: Motion to amend the main motion was made by Zach to set the Council Chair annual salary at a 17.5% increase over the remaining Council Members due to work duties, equaling \$36,425 per year, and set each remaining Council Member salary at \$31,000 per year, all based on an average salary of all Utah counties with part-time council members or commissioners, rounded up for non-Chair Council Members to the nearest thousand. Chris Kauffman seconded the motion which passed 6-0.

Chairperson Baird reviewed the main motion: The average of all part-time council and commissioner salaries in Utah is rounded up to the nearest thousand at \$31,000 for all Council Members except the Council Chair which is increased by 17.5% from the regular Council Members' annual salaries which equals \$36,425 per year. Chris Kauffman noted the difficulty in getting candidates to run for office under our current pay practices. The main motion passed 6-0.

Chairperson Baird noted that there are currently no 2nd class county part-timers in a Utah council or commission.

Evan stepped out at 10:40 a.m.

Chairperson Baird reviewed the Elected Official pay average of 2nd thru 6th class counties except for the Sheriff (2nd through 5th class counties), removing outlier data for the Assessor position and outlier data for the Attorney position.

Evan returned at 10:42 a.m.

Chris Kauffman explained that use of the average salaries of 2nd through 6th class counties was recommended by the Budget Advisory Board due to being most similar to the market data used for the salary survey countywide.

Budget Advisory Board Chairperson Baird called a brief recess.

Chairperson Baird called the joint meeting back to order at 10:53 a.m.

A2g. Strategies to balance General Fund and Library Fund-

- a. **Property Tax Increase**
- b. **Fund Balance Draw**
- c. **Cost Cutting**
- d. **Legislative Amendments**
- e. **Non-Property Tax Revenue Growth**
- f. **Mixture of the above**

Chairperson Baird again provided the General Fund on-screen and reviewed bottom-line projections, with a current balance budgeted for 2019 at approximately \$84,000 in the red and approximately \$300,000 to \$400,000 in contingency. He noted that vacant positions could be filled and costs realized. He explained that a salary adjustment could force the county into a true deficit.

Chris Kauffman recommended not taking \$80,000 in property tax income out based on speculation with what will happen with Union Pacific; accordingly, in-line adjustments were made live leaving the General Fund balance at approximately \$4,000 in the red prior to the salary adjustment and the increased cost of health insurance.

Chairperson Baird referred to the handout on strategies. Council and Budget Board members discussed cost-cutting strategies and Chairperson Baird reminded them that salary adjustments are ongoing costs, warning against "kicking the can down the road" in using the Fund Balance. He pointed out that salaries and benefits countywide are significantly higher than operating costs. Board members discussed non-property tax revenue such as sales and use tax, expected to grow in time. Chairperson Baird stated that he is comfortable drawing off \$300,000 of Fund Balance due to the contingency amount in the budget. He reminded board members that the County Council agreed to go through a Truth in Taxation hearing, and emphasized that, by the next Council meeting the Council will need to determine an amount to advertise as an increase, stating that the Council would still not be obligated to make the property tax increase. Chris Kauffman reported that the Council still has an option to pull out of the mailing at a cost of \$200 for the mailing set-up. Chairperson Baird reminded board members that the Library is included to go through the Truth in Taxation, which is a different circumstance than the General Fund since the Library's only real source of revenue is property tax.

Council Member Paxman inquired as to whether budgets were cut. Chris Kauffman reported that a minority of budgets had cuts, stating that a lot of deference was given to Department Heads and Elected Officials in providing good budgets. Chairman Baird explained that nearly all budget requests were cut as a result of using prior year actuals instead of prior budgeted amounts. He further explained that the Budget Advisory Board reviewed metrics

against what was spent over the five prior years and more specifically comparing 2017 actuals spent versus proposed amounts for 2019, and that metrics of standard deviations were assessed.

Council Member Wells explained that a proposed legislative amendment related to changing the formula for Transient Room Tax (TRT) is off the table due to a statewide TRT audit occurring this year.

Chairperson Baird brought up additional cost cutting options, such as deferring capital projects (for example, leaking roofs that need to be rebuilt). He emphasized that salaries and benefits are the most important matter to consider, but that the long-term vision for storm water mitigation and capital facilities improvements, including additional office space, needs to be determined. Chairperson Baird noted that, while needed, planning and budgeting for a five-year capital plan would require considerably more expense.

Council Member Wells indicated that the rural health care sales and use tax increase is a possible way to free up mineral lease monies currently being contributed to the Health Care District for instead contributing to the Solid Waste District so that TRT mitigation monies currently being provided to the Solid Waste District can instead be kept within the county for mitigation of tourism impacts. Chairperson Baird reminded Board members that the mineral lease and TRT mitigation allocations have already been made for 2019.

Chairperson Baird provided the Capital Projects budget on-screen and reviewed the proposed projects at the Old Spanish Trail Arena Recreation Complex, with a contribution from the Recreation District. He stated that capital projects are included in the current proposed budget. He reviewed contributions to storm water mitigation, explaining that Class B Road monies and Local Option Sales Tax for Transportation revenues cannot be used for storm water mitigation. Council Members stated that citizens have recently requested support from the County Council in resolving flooding issues as a result of storm drain deficits. Ruth pointed out that typically the subdivision plat indicates that the subdivision is responsible for storm drain maintenance and mitigation, and that the county is responsible for same at county roads, sometimes located within a subdivision. She stated that the Rim Village drainage matter is currently under legal review.

Board members discussed the possibilities of increasing the health care sales tax to the full 1%; Ruth clarified that the voters approved "up to ½ of 1%," and the Council adopted a resolution for "a full ½%". Board members discussed ideas for asking Moab City to contribute to the hospital's DSH (Disproportionate Share Hospital) seed money for uncompensated care, as they have contributed in the past.

Ruth brought up match monies needed for the Boulder Avenue storm drainage system, which is on the CIB list for an \$800,000 project. Phase II of Jackson or conveyance for Boulder. Bill Jackson, Roads and Bridges Supervisor, recommended a priority of either Boulder Avenue conveyance system or Phase II (conveyance system) for Jackson Street project, currently in the bid award process for Phase I.

Council Member Morse suggested having a five-year capital improvement list. Discussions ensued regarding the capital facilities needs assessment, as well as the need to make requests of Moab City. Chairperson Baird suggested budgeting so that the needed capital funds can build up over time.

Chairperson Baird explained that, to go ahead with Truth in Taxation, Council Members will need to name an increase, a dollar value, that must be based on demonstrable expenses, and that indicates a shortage in balancing the budget. He stated that this dictates the proposed property tax amount. He stated that capital projects can be included as long as they are included in the budget; that the property tax rate is established off the budget. He emphasized that, to get serious about capital projects, it will require a property tax increase. Further, he stated that the property tax on the cost of an average house will need to be included in the public notices.

Bill Jackson reported that \$300,000 will provide a good start on either completing Phase II (conveyance system to

Pack Creek) of the Jackson Street Drainage Mitigation Project or on the Boulder Avenue conveyance system project, stating that it would still not be enough money for a 2019 project.

Jaylyn suggested having discussions with Moab City to contribute more toward the Sheriff-related costs, and she suggested combing through district budgets to ensure that they are utilizing revenues and expenses effectively.

Chris Kauffman stated that the scheduled residential property reassessment is in Castle Valley, the following year will be Spanish Valley residences, and so on, with each major area on a five-year assessment cycle.

Chairperson Baird remarked how surprising how few Board of Equalization appeals the county received, given the dramatic increases in commercial values, which he stated are still probably under the true market values.

Chairperson Baird reported that the last Truth in Taxation hearing was in 2005, and it took effect in 2006. Chairperson Baird explained to board members that it is difficult to compare average residential tax paid in our county to other counties, due to taxes imposed by other taxing entities that are based on location. Chris Kauffman stated that the State provides a related report, and he agreed to send it out to board members.

Board members inquired about the capital improvements Fund Balance. Chairperson Baird reported that \$500,000 was transferred in 2016, but that nothing was transferred for 2017 or 2018.

Board members discussed possibly selling county-owned parcels to fund new office space.

Chairperson Baird stated that TRCC (car rental and restaurant tax) Fund Balance of more than \$200,000 and TRT (transient room tax) Fund Balance could each be utilized one time, but he emphasized that there are ongoing demands of salary and benefit costs. He further stated that the budget draws \$50,000 off the TRT Fund Balance to help pay for one of the new roofs needed.

Chairperson Baird stated that the budget Public Hearing will be held December 4, 2018, and a *bona fide* tentative budget must be available to the public 10 days in advance of the public hearing. He stated that the budget can be reduced. He suggested that the Council could advertise Truth in Taxation for storm water mitigation and salary adjustments. Further, if the Council decided not to increase property taxes, Chairperson Baird stated that the Council would have to re-balance the budget, and that salary adjustments could be made by drawing off Fund Balance and doing away with storm water mitigation match monies. He stated that, at the next meeting, Board members will have to come up with a figure on how much to propose to increase the property taxes, translated into how much it will mean in annual taxes for the average priced home. He stated that this still does not obligate the County Council to impose the property tax, stating that the "drop dead" deadline is when the property tax rate is approved in July of 2019. He stated that the Council could reopen the budget, hold another public hearing, and reduce the figure needed to balance the budget; he stated, however, that the figure cannot be raised without the Truth in Taxation process.

Zach left the meeting at 12:10 p.m.

Chairperson Baird reported that some capital maintenance needs are being paid out of eligible TRT mitigation or TRCC funds.

Ruth brought up the new FAA subsidy for airport capital projects of \$1 million per year (rather than \$150,000 per year) effective this week, with the number of enplanements out of Canyonlands Field having reached 10,000 in 2017. She inquired about a large grant match requirement needed for the taxiway repair. Chairperson Baird stated that he has not budgeted the needed \$250,000 in 5% match for the \$5 million project. He stated that the more successful the growth of the airport is, the more expensive the airport gets for the county with new positions, match monies, etc., and that and this will continue.

B. Discussion Items:

B1. Discussion on requirements by the State Auditor regarding their assessment on risk of undetected fraud and abuse-

Chairperson Baird postponed the discussion item by acclamation.

Future Considerations

The next joint meeting is scheduled for Tuesday, December 9, 2018, at 8:30 a.m. Remaining October meetings are scheduled for Wednesdays at 8:30 a.m.

Chairperson Baird remarked on the following matters for consideration in the approaching meetings:

- Work on a figure increase if the Council is to continue going forward with Truth in Taxation
- Provide a total figure for new requested positions not already in the budget
- Consider strategies on how to incorporate the new requested positions
- Get a consensus on the tentative budget so as to minimize changes when the adopted tentative budget is submitted to the public

Adjourn

The joint meeting was adjourned on a motion by Council Members Wells, seconded by Council Member Morse at 12:24 p.m. and approved unanimously by both boards.



Chris Baird
Budget Advisory Board Chairperson



Christopher Kauffman
Budget Advisory Board Secretary