

**MOAB CITY COUNCIL MINUTES
SPECIAL CITY COUNCIL WORKSHOP MEETING
December 6, 2019**

The Moab City Council held a special meeting on the above date in the Council Chambers at the Moab City Center, located at 217 East Center Street. An audio recording of the evening meeting is archived at: <https://www.utah.gov/pmn/index.html> and a video recording is archived at: <https://www.youtube.com/watch?v=dGz3PECpb-g&t=2751s>.

Special Meeting—Call to Order and Attendance:

Mayor Niehaus called the meeting to order at 10:05 AM and led the Pledge of Allegiance. In attendance were Councilmembers Rani Derasary, Mike Duncan, Tawny Knuteson-Boyd, Karen Guzman-Newton and Kalen Jones. Staff in attendance were City Manager Joel Linares, Assistant City Manager Carly Castle, City Attorney Laurie Simonsen, Finance Director Rachel Stenta, City Police Chief Brett Edge, City Engineer Chuck Williams, City Recorder Sommar Johnson and Deputy Recorder Joey Allred. One member of the public and media was present.

Capital Improvement Plan Matrix Presentation:

Discussion: Stenta provided a PowerPoint presentation of the Capital Project Prioritization Matrix. She talked about the different projects that are needed, the description of those projects and how they are scored and ranked. Councilmember Duncan asked about the financing that would be available to the City with their only revenue coming from sales tax. Stenta explained that an entity cannot enter into a general obligation bond unless they have a property tax. She also explained that not all of the projects would be sales tax based and that a lot of the City's projects are funded through the Enterprise Funds. Mayor Niehaus said that ranking with sustainability gave her pause as she wants baseline sustainability and would like all capital improvement projects to have sustainability elements built into them so that it is mandatory rather than an optional criterion. Councilmember Knuteson-Boyd agreed that sustainability should be included in all projects but thinks that it should remain as part of the score so that the community can see that it is always being considered. Councilmember Jones was concerned that the matrix doesn't differentiate between a sustainability focused project and a project that has a few sustainability features as add-ons. Councilmember Duncan added that sustainability is often more likely to be an engineering decision, making choices of materials that will last a long time, but said that he was very comfortable with what Linares and Stenta have done with the matrix. Linares said that the models they had looked at in creating the Matrix didn't include sustainability and staff was trying to make sure that sustainability would be implemented in all projects and that they needed some guidance from Council. Councilmember Derasary agreed that all departments should include sustainability and asked if there was a logical crossover if Council were to pass the Sustainability Action Plan with a list of priorities and the Matrix with sustainability included or if the Matrix should stand alone? Stenta said that they could target five goals that Council would like every project to address that Council would approve for sustainability and that process could happen before the project is submitted for the rating and ranking process. Councilmember Derasary asked that a few sentences be included on the scoring sheet to remind Council of what the project is and how it connects with each rating and ranking criterion? Mayor Niehaus noted that if they looked at the strategic alignment number three in the Matrix it says, "the project's alignment with the strategic goals as set out in a departmental Master or Strategic Plan," and it could include the sustainability plan. In doing so, it could free up 5% and she would like to see that added to financing making it 20% because financing plays such a big role. Linares felt that adding sustainability to Strategic Alignment would put the Sustainability Plan on the same level as the City's General and Master planning and that may be a signal to the public of how important it is. There was extensive discussion regarding the

percentage ratings of Strategic Alignment, Risk Assessment and Community and Economic Impact. Council agreed that they want to merge Sustainability with Strategic Alignment and Community and Economic Benefit into Financing increasing each by 5%.

Budget Discussion:

Discussion: Stenta reviewed the revenue that the City receives on an annual basis for Council. The City receives 51% from sales tax and 33% on user fees. Impact fees are currently at 5.2%. Other revenue includes grants, donations, transportation tax, licenses and permits and Intergovernmental (ILA) funds. The City does not collect property tax. Stenta went on to explain the City's revenue vs. expenditures. Expenditures have been exceeding revenue since 2016 necessitating that the City's reserves be utilized to fund operations. 64% of the City's sales tax go to operations within the City. She went through a breakdown of the sales tax revenue showing what portion of the total sales tax revenue each of those taxes make up. Stenta also provided a breakdown of how the sales tax expenditures are distributed by departments in the City.

There was discussion regarding the possible food tax changes in the State's proposed tax restructuring and how that might affect the residents of the City, as well as the City's tax revenue.

The fiscal year 2020 budget shows 85% of the budget being used for General Government (\$3,600,000), but 9% of the operational costs will be coming from the reserves. The reserves are almost depleted, and they have budgeted to use \$1,137,000.00 from the General Reserves to fund operations. Next year's (FYE 2021) budget shows that all of the City's sales-based taxes are not only 100% committed, but they also do not cover current operating expenses. Stenta said that the City cannot continue to fund operations out of reserves. She reminded Council of the Debt Management Policy that was adopted in September of this year that said that the City would not fund operations out of reserves for a period of more than two years and that they have been doing so for the past three years. Stenta recommended that the City fully fund daily operations, reduce operations and diversify/increase their revenue sources. She said that over the next two years the City needs to reduce operations by 7% or \$1.1 million/year to fully fund operations and begin rebuilding operational reserves. The City has no control over the sales tax rates, the tax base or the volume of local sales but they can implement a Recreation Arts and Parks (RAP) tax of .1% that could yield an additional estimated \$300,000 for Recreation, Arts and Parks Operations and Capital Projects. Proceeds from a RAP tax would free up existing sales-based tax revenue for capital projects and/or general operations. Implementing the RAP tax requires a vote of the people. The City's capital projects reserves are projected to be depleted at the end of this fiscal year, so capital projects can't be done for the City in FYE 2021 unless they are 100% funded by outside sources such as grants. Staff has started scheduled utility rate increases to rebuild water, sewer and storm water reserves. The City needs a non-utility revenue source specifically for capital projects. A property tax could be a good future choice to fund non-utility infrastructure needs that are required to serve the City's permanent resident population.

Linares stated that the City is currently only collecting about 33% of the impact fees that they could be, so staff is preparing a Request For Proposal for a study to set impact fees that the City does not currently collect, which include; storm water, parks, public safety, roads and road facilities. There was discussion on when impact fees can be waived and for what reasons.

Adjournment: Councilmember Knuteson-Boyd moved to adjourn the meeting. Councilmember Guzman-Newton seconded the motion. The motion carried 5-0 aye, with Councilmembers Derasary, Jones, Knuteson-Boyd, Duncan and Guzman-Newton voting aye. Mayor Niehaus adjourned the meeting at 11:41 AM.

Executive (Closed Session for Discussion of the Character, Professional Competence, or Physical or Mental Health of an Individual or Individuals):

Motion and vote: Councilmember Knuteson-Boyd moved to enter closed session. Councilmember Guzman-Newton seconded the motion. The motion passed with Councilmembers Knuteson-Boyd, Guzman-Newton, Derasary, Duncan and Jones voting aye. Council entered Executive (Closed) Session at 11:46 AM.

Motion and vote: Councilmember Guzman-Newton moved to end the Executive (Closed) Session. Councilmember Jones seconded the motion. The motion passed 5-0 with Councilmembers Guzman-Newton, Jones, Derasary, Duncan and Knuteson-Boyd voting aye. Council closed the Executive (Closed) Session at 12:10 PM.

APPROVED: _____
Emily S. Niehaus, Mayor

ATTEST: _____
Sommar Johnson, City Recorder