

MINUTES OF THE UTAH LEAGUE OF CITIES & TOWNS
BOARD OF DIRECTORS MEETING
50 SOUTH 600 EAST, SUITE 150
SALT LAKE CITY, UT 84102
DECEMBER 9, 2016
9:00 AM

CONDUCTING: ULCT Board of Directors President, Mayor Steve Hiatt, Kaysville.

EXECUTIVE BOARD

Mayor Steve Hiatt, President, Kaysville
Council Member Beth Holbrook, 1st Vice President, Bountiful
Mayor Jon Pike, 2nd Vice President, St. George
Mayor JoAnn Seghini, Treasurer, Midvale
Council Member Lynn Pace, Past President, City of Holladay

BOARD OF DIRECTORS

Mayor Karen Cronin, Perry
Mayor Dean Baker, Naples
Council Member Andy Beerman, Park City
Mayor Mike Caldwell, Ogden City
Mayor Ted Eyre, Murray City - EXCUSED
Mayor Carmen Freeman, Herriman
Council Member Mike Mendenhall, Spanish Fork
Mayor Dave Sakrison, Moab
Council Member Kelleen Potter, Heber
Council Member Bob Stevenson, Layton
Council Member Curtis Ludvigson, Sterling
Mayor Brent Taylor, North Ogden – PARTICIPATED VIA TELEPHONE

EX-OFFICIO MEMBERS

Matt Dixon, South Ogden, Pres. –City Managers
David Church, Legal Counsel
Teresa Harris, UMCA VP

ULCT STAFF

Kenneth Bullock, Executive Director
Cameron Diehl, Director of Legislative Affairs
Susan Wood, Director of Communications and Training
Meg Ryan, Planning Consultant
Nick Jarvis, Director of Research and Technology
Peter Lara, Editor/Videographer
Roger Tew, Senior Policy Analyst
Jodi Hoffman, Land Use Attorney
Kerri Nakamura, Chief Financial Officer
Abbie Bolic, Operations Coordinator

OTHERS PRESENT

Lorie Dudley, Outside Auditing Consultant

1. Welcome and Introductions – Mayor Steve Hiatt, ULCT President

President Steve Hiatt called the meeting to order at 9:00 a.m. and called for introductions.

2. Review and Approval of Minutes - Mayor Steve Hiatt, ULCT President

The Board reviewed the minutes of the October 7, 2016 ULCT Board Meeting.

Council Member Lynn Pace referred to paragraph four of the October 7, 2016 minutes which stated that a review of credit card statements was completed by Ken Bullock. This should read that the review was completed by an outside auditor and not Mr. Bullock.

ACTION: Council Member Lynn Pace moved to approve the minutes of the October 7, 2016 ULCT Board Meeting as amended. The motion was seconded by Mayor Jon Pike. The motion carried unanimously.

3. Deseret News Project Update – Susan Wood & Ken Bullock

Susan Wood reported that the ULCT has partnered with the Deseret News and she referred to a handout which showed a link to three items that have recently been posted.

- How Utah communities work for you
- Are you a true Utahn? Test your knowledge of the Beehive State
- What makes the world turn? The foundation of a community – Zions Bank Economist Robert Spendlove looks at strengthening our infrastructure.

Mr. Bullock stated the ULCT owns space on this website and the intention is to give back in the way of free advertising to those who donate money to the UCLT. The ULCT will create ads aimed at the general public on the services and issues of municipalities.

4. Local Officials Day – Ken Bullock

Mr. Bullock announced that Local Officials Day will be held on January 25, 2017 at the Salt Palace. Steve Young has been invited to speak and staff is waiting on confirmation from Mr. Young before the registration form is posted online.

5. Legislative Issues Review – Referendum - Roger Tew

Mr. Tew addressed the issue of online Amazon sales tax and how to collect the sales tax was a topic of discussion coming from the Governor's office. The State of Utah has a voluntarily compliance program where companies who were not subject to collect sales tax decided to come forward and register with the State and collect the tax. It is undetermined at this time how much money will be collected and municipalities will receive the tax. The point of sale is determined by the address where the item is delivered. The effective date is after the first of the year; Mr. Tew did not have an exact date. He stated, we are all going to pay a premium for collecting the tax and the actual documentation of this issue is highly protected.

Mr. Tew talked about Utah Direct Democracy which refers to Referendums and Initiatives. An initiative is a proposed new statute/ordinance and a referendum is a challenge to a proposed statute/ordinance. He said at the State level everything has been focused toward initiatives and there has only been one referendum in the past 50 years. All of the laws that have been changed have been on the initiative side. The provisions at the State level regarding referendums are essentially unchanged. He said the Utah Constitution guarantees the right of the citizens to refer or take direct democratic action. He said there should not be a debate over direct democracy policy and we need to find a way to manage the process. He identified four study areas which are the following.

- Defining “legislative action”
 - Different than State government due to various forms of government
 - Work of the land use groups
 - Municipal legislative involvement may have “direct democracy” consequences
- What are the signature requirements for ballot access?
 - State Government v. Local Government policies. The State is more stringent regarding Initiatives, Local-Referenda.
 - Issue is not the number of signatures. The State has the geographical component and must gather signatures from various locations. The referendum at the State still requires 15 counties.
- What are the timelines?
 - Current statutes are unclear as to who has to do what and when? There is a need for clarification.
 - Experience of “Truth-in-Taxation” referenda statute.
 - How to deal with budgetary issues and determine rules on how these issues are handled.
- What is the role of public officials?
 - Preservation of First Amendment Rights v. use of Public Money
 - Representative Daw had legislation and the League opposed in committee and clarification is needed.

Mr. Tew stated there is a need for a comprehensive study which includes local governments and the role of the State election officials.

Legislative Issues Review – Land Use – Jodi Hoffman

Mr. Bullock stated that he and Mr. Diehl met with Representative Daw and asked him to look at this issue from a comprehensive standpoint. The intent of the League is to ask the Board for a position to support the staff recommendation to work with Representative Daw and create a working group with the League, Lt. Governor’s office and others.

Mayor Taylor commented that he feels this is a good approach and North Ogden recently went through a referendum. He offered to serve on the working group.

Mr. Diehl added that Norm Thurston is the Vice Chair of Government Operations and the Chair of Government Operations is Jeremy Peterson who represents Ogden City. As this conversation

goes forward, it would be helpful if Mayor Taylor and Ogden Mayor Caldwell talk with Mr. Peterson when appropriate.

Jodi Hoffman addressed the Board regarding the Land Use Task Force (LUTF). She stated the LUTF Legislation Bill sponsored by Representative Mike Shultz does the following:

- Addresses the implications of Land use Separation of Powers for all municipal forms and classes:
 - Legislative (Land Use Regulation = “Public Policy”)
 - Administrative (Implementation of Land Use Regulations)
 - Quasi-Judicial (Review Implementations of Land Use Regulations)
- Reaffirms:
 - Land use regulations and land use decisions are presumed valid
 - Local discretion to establish land use policies
- Codifies court decisions regarding land use administration:
 - Enforce clear regulations
 - Must favor land uses that are not clearly regulated
- Benefits:
 - Reverses assault on fundamental role of local governments to regulate land use (“Death by 1000 Cuts” trend)
 - Reinvigorates the significance of the LUTF process
 - Affirms original PRC agreement to oppose land use bills that lack LUTF approval
 - Lessens the threat of referendum where council acts as the land use authority – Implementation is not the exercise of “Political Power”

The following have participated in the LUTF process

- 21 Member Drafting Team (bi-weekly meetings)
 - 17 Attorneys, 1 State Representative, 2 Trade Organization Directors, 1 Planner, (+/- 3ULCT staff)
- 70 Member “Home Team” – (public side)
 - 42 Attorneys, 10 City Administrators, 1 City Council Member, 17 Planners (+/- ULCT staff)
- Property Rights Coalition (PRC) – (private side) 90% of State Production Developers, Utah Association of Realtors, Utah Homebuilders, Land Use Attorneys
 - Ivory Homes, Perry Homes, Destination Homes, Rio Tinto, DR Horton, Peterson Development, Fieldstone Homes, Questar Gas, Rocky Mountain Power, Centurylink, lobbyists
- 110 Member LUTF – (all stakeholders)
 - 6 members of Senate/House leadership, city engineers, financial advisors, planning consultants, private attorneys, Property Rights Ombudsman, UASD, PRC, “Home Team”

ULCT Staff Process?

- 530+ MB of Legal Research
- 30+ meetings/outreach
- 22 drafts

Beyond LUTF, who has provided review and comment”

- BACI
- LPC (Legislative Policy Committee)
- Utah Municipal Attorneys Association membership
- American Planning Association of Utah
- ULCT membership: Mid Year and Annual Conference
- Utah City Managers’ Association
- UCIP (Utah Counties Indemnity Pool)

Mr. Bullock said the recommendation from staff is to adopt the bill. Ms. Hoffman will present this information at the Legislative Policy Committee meeting on Monday. As a League Board, one of the charges that he received from Mayor Hiatt is this is a working group and not a ceremonial board. The recommendation from staff is to support Ms. Hoffman and all those that have been involved with this bill and work with Representative Daw and organize a working group with the affected parties.

ACTION: Mayor Freeman moved to approve support for the Land Use Task Force Bill as presented. The motion was seconded by Council Member Mendenhall. The motion carried unanimously.

ACTION: Council Member Mendenhall moved to work with Representative Daw in creating a working group to discuss the issues that have been presented. The motion was seconded by Council Member Ludvigson. The motion carried unanimously.

6. Transparency and Compliance Report

Transparency and Public Notice Website

Mr. Jarvis stated that in the past the League was not in compliance with the public noticing requirements of posting the ULCT Board and Legislative Policy Committee meetings. They are in compliance at this time and by the end of the year will have everything posted on the Public Notice Website from previous years including financial information.

Disclosure

Mr. Jarvis also distributed a ULCT Board of Directors Disclosure of Related Parties form which he asked everyone to complete and return back to him. This is a requirement from the auditing firm and the disclosure will be kept on file. Staff will also complete the disclosure form.

Mayor Freeman suggested that in terms of conflict, he serves on other boards that have this item listed on the agenda and if there is any conflict of interest on the items that are being discussed, the board member makes a disclosure at the beginning of the meeting.

Mayor Hiatt asked that the suggested disclosure item from Mayor Freeman be added to future ULCT Board agendas.

Prior and Current Year Financial Update

Kerri Nakamura addressed the Board regarding the prior and current year financial update. The trial balance was sent to the external auditor firm, Eide Bailly on November 17, 2016. She announced that the League is up to date on all their expenditures and are paying bills when due.

Ms. Nakamura reported that overall, actual revenue exceeded budgeted revenue by \$84,845. She said it is important to note, that in 2015-2016 the ULCT received \$300,000 from IHC for a Wellness Grant program that is administered by the ULCT. This revenue is restricted and most will be passed through to grantee communities. If the \$300,000 IHC grant is not considered, actual ULCT 2015-2016 revenue fell short of budget by \$215,155. The largest area of revenue shortfall was in the Donations & Advertising category, where 37% of budgeted revenue was received. This category alone accounted for \$166,000 (77%) of the revenue shortfall. The shortfall in this account is largely the result of the organizational challenges that faced the ULCT last spring. The responsibility for invoicing sponsors was assigned, yet ULCT staff cannot verify that the invoices were sent. Invoices will be sent out to the various sponsors requesting payment and it was suggested that services and marketing were provided. Revenue will be watched closely moving forward.

She was pleased to close the 2015-2016 fiscal year on November 15, 2016 and sent a trial balance to Eide Bailly to begin the external financial statement audit. It is expected that the audit will be finalized by mid-January.

She said regarding transparency, financials and the general operation of the League office she acknowledged what an amazing staff works for the ULCT. She thanked Nick Jarvis for his efforts and answering her many questions.

Mayor Hiatt thanked Ms. Dudley and Ms. Nakamura for what they have accomplished regarding the ULCT finances and to get things back on the right track.

7. Personnel and Accounting Policies

Ms. Nakamura referred to the handout regarding President's Responsibilities and Board Member Responsibilities. These are suggested changes to bring it in line with practice.

Council Member Pace said this Board doesn't usually take any action on what the LPC (Legislative Policy Committee) does. But, when there may be an item of interest he feels it's important to point out that this Board is the governing body and not the LPC. He feels the language should be revised to read that the Board has the authority to ratify, modify or nullify those other decisions as necessary. If there is a conflict between this Board and the LPC, this Board governs.

Ms. Nakamura addressed the Board regarding the Personnel and Accounting Policies and said this is the document she was most pleased to have in place. The changes proposed within the Employment Expectations are designed to bring the policies in line with current ULCT practice. These policies were last updated in 2008 and some modernization was necessary.

Employment Expectations (pages 2-4)

- Changing the probationary period from 90 days to 60 days based on recommendation from Karen Suzuki Okabe, ULCT HR Consultant
- Requirement that new employees sign an automatic paycheck deposit form to support the ULCT transition to a third party payroll vendor
- Updating timesheet requirements to support third party payroll vendor
- Maintenance of paid time off and payroll records by third party vendor
- Payment of professional dues

Mr. Church indicated that ULCT employees are presumed to be at will until the Board adopts a policy that gives them more. There is nothing in State law that requires an employee to have merit or tenure just because we are a governmental entity.

UCMA President Matt Dixon proposed more time so there is the opportunity to fully vet an employee and terminate if necessary. He prefers introductory language rather than probationary and that an employee will have due process rights once they have completed their introductory period, he suggested that the time period be extended.

Ms. Nakamura clarified the 90 days is calendar days. She said the way the policy is currently written, other than health care an employees accrues no benefits. They accrue leave but they cannot use it and they are not entitled to any other benefit until they are a full time employee.

Mr. Church said the League should not mix the right to benefit with the right to merit rights as an employee.

Mayor Hiatt recommended leaving the wording as probationary.

Council Member Pace said it's a real problem hiring someone who can't take any time off for 90 days. He suggested leaving it at 90 days and let the employee use their benefits. He also suggested increasing the probationary time to 6 months.

Ms. Nakamura will bring the language back to the Board for final approval after the suggested changes are made.

Code of Ethical Conduct (pages 5-9)

Modernization changes include creation of a formal Code of Ethical Business Conduct, including a process for annual disclosure of business conflicts. Additionally, the Code includes the following:

- Outside Employment – existing provision
- Political Activity during business hours – existing provision
- Gifts – new provision
- Communication systems – new provision
- Publicity – new provision

- Phone calls, texts messages, personal mail, and visitors during office hours – new provision
- Confidential information – new provision
- Conflict of interest – new provision and employee will put in writing and completed on an annual basis
- Whistle Blower Policy – new provision

Mr. Dixon referred to the wording in the policy and said he can't think of a circumstance where the Executive Director would need to grant an employee the ability to be unethical.

Ms. Nakamura clarified that the wording should read that the Executive Director can grant an exception to any of the subheads. There may be a time when the Executive Director needs to grant an exception to gifts.

Mayor Pike asked regarding phone calls, etc. He feels not allowing these things is a little heavy handed.

Ms. Nakamura responded that is the way the EDCU has written their policy and she would be in favor of softening the language.

Council Member Pace feels there should be some latitude when it comes to personal phone calls, etc. He suggested the language be changed to diminimus personal use.

Mayor Freeman said regarding whistle blowing, he suggested adding that the employee can also speak to the Board President if the employee feels they cannot speak to the ULCT Compliance Officer or the Executive Director.

Ms. Nakamura said from a management perspective, she would like to add that the only time the employee can go to the Board President is if the issue involves both the Executive Director and the Compliance Officer and she will add this to the language. She does not want to create a situation where a staff member can choose not to talk to the Executive Director or the Compliance Officer. She feels this would undermine the process.

Compensation (pages 10-12)

Modification of pay day and time sheet requirements to support the transition to third-party payroll services.

Specific allowance for payment of professional dues.

Ms. Nakamura stated that all salaried staff record their vacation and sick leave on a time sheet. The Executive Director is not required to submit a time sheet the way the policy is currently written.

Mr. Dixon suggested that for record keeping the Executive Director should start submitting a time sheet for vacation and sick leave.

Ms. Nakamura will change the language in the policy. She also stated the current League process is that paychecks are issued on the last day of the pay period. The League will be making a change of when paychecks are issued and will start notifying staff about this change. The third-party payroll service suggested that payday be set on the 7th and 22nd of each month.

Mayor Freeman suggested that consequences of falsifying a time sheet be added to the policy language.

Mr. Dixon suggested adding chapters, sections and a table of content to the policy to make it easier to read and find information.

Ms. Nakamura agreed and would also like to turn the Personnel Policies and Procedures information that the Board is reviewing into an Employee Handbook that can be given to current and new League employees.

She stated that a provision was added for the payment of professional dues. The Board can leave this as a line item or add it to compensation; she would like to also add this to the policy.

Mr. Dixon asked does the Executive Director have the authority to tell an employee they have worked extra hours and require them to take comp time.

Mr. Church responded that comp time is available to certain government employees but only with the agreement of their employer. He said the Executive Director does not receive overtime. Everyone else on the League staff is entitled to overtime with the exception of Cameron Diehl, League attorney.

Mr. Bullock said the League staff works a lot of hours and they have zero dollars to pay overtime. It would be a 40 hour work week for staff with the exception of Mr. Diehl and himself. He said that everyone answers the phone and someone is assigned to be in the office from 8am to 5pm. Everyone at the League does clerical work.

Ms. Nakamura stated that all League employees are salaried with the exception of the new receptionist Abby who, when she goes full time will also be salaried.

Ms. Nakamura said she will bring language back to the Board regarding compensation and will make sure to clarify that if and when there is a comp or overtime situation that it's an employee choice and not an employer choice.

Reimbursement Policy Modifications (pages 13-18)

The proposed changes are consistent with the ULCT's new operation of a business expense reimbursement program rather than a credit card reimbursement program for most business, business meal, and travel expense reimbursements.

However, as a modern office, the ULCT does need to have access to a credit card for recurring monthly changes and certain other business expenses. As such, the reimbursement policy now includes a credit card provision that clearly outlines expectations for credit card use, reconciliation, and expense reallocation.

In addition to creating rules for the use of credit cards, the proposed procedures include new and/or modified:

- Business Expense and Business Meal Expense Reimbursement policies and procedures
- Mileage Reimbursement policy and procedures
- Travel Expense Reimbursement policy and procedures
- Cellular Phone Reimbursement policy and procedures

No changes are recommended for the Education Expense Reimbursement policy and procedures.

Council Member Pace said regarding cell phone reimbursement. He suggested that if the employee has one phone and the phone will be available for League business then the League should reimburse the employee some costs. If the employee has a League phone and it's used for personal use then the employee should reimburse the League.

Ms. Nakamura said there is no money in the budget to reimburse employees for their cell phone use. If the employee is using their personal phone for League business they should know that the information on the phone is subject to discovery in a court of law and is also subject to GRAMA. She will draft new language and it will be reviewed at the next Board meeting.

She said regarding the reimbursement section, she has added credit card language. The policy clearly states that the League credit card cannot be used for personal items. It also talks about receipts. The biggest change in this section is that the League has moved from the staff having a credit card and making expenditure decisions. Staff needs to get pre authorization because when they submit for reimbursement they need to clearly state what and why the purchase was made. Reimbursement forms have been created as well and taping receipts to a piece of paper is necessary so the receipts are not lost. Since implementation of the reimbursement system they are nearly 100% with the exception of a few minor expenses that still need to go on a credit card. Business meal receipts are at 100% as are other business receipts. At this time no petty cash will be given and she wants everyone to get really good at turning in receipts. She stated a timeline of 15 days to submit receipts for reimbursement was also added to the policy.

It was also suggested that staff submit mileage on a monthly basis and count all miles traveled.

Benefits (pages 19-23)

Changes to the Benefits section are exclusively to align policy with existing practice. The recommended changes include:

- Allowing the Executive Director to provide administrative time off in recognition of extra staff time required during the Legislative Session, Newly Elected Official Training, Conferences and Conventions
- Modification to the vacation leave accrual program

- Allowing that for purposes of vacation accrual only, prior years of service by re-hired employees can be considered
- Changing the date for vacation use or lose from December 31 to June 30 to align with fiscal year end close and audit statements
- Memorializing that there are two cafeteria election periods

Material changes include:

- Elimination of ability of employees to convert 40 hours of vacation annually to cash payment

Mayor Freeman asked that language be added stating that an employee is not paid out for sick leave upon termination. He would also like to add language regarding deployment/military leave.

Mr. Dixon said regarding retirement, he would like the language to be crystal clear regarding retirement and the 401k match so it's not an open ended benefit.

Mr. Bullock said the League has a small staff, a small amount of money and everyone does lots of different things. To make things work they have to be flexible and he agreed there haven't been enough rules in the past and he understands there needs to be constraints. But, when it comes to comp time, salaries and even reimbursements, we need to look at the budget and how we are going to pay for things because there simply is no money.

Personnel File (pages 24-25)

No proposed changes

Discipline Process (pages 26-29)

No proposed changes

Mayor Freeman suggested that language be added that if an employee requests an appeals meeting that it can be done within 30 days or at the next Board meeting.

Purchasing Policy (pages 30-33)

No proposed changes

Mayor Freeman suggested language under the Award of Contract and consider other criteria other than just being the lower bidder.

Accounting Policies and Procedures (pages 34-44)

All of these are new policies and procedures. They include the following:

- Introduction
- Division of Financial Responsibilities
 - Board of Directors

- Board Treasurer
- Executive Director
- Chief Financial Office
- Financial Oversight Consultant
- Operations Coordinator
- Third Party Payroll Processor
- Chart of Accounts and General Ledger
- Income Receipts
- Inter Account Bank Transfers
- Check Disbursements and Expense Allocations
- Credit Card Policy and Charges (similar to section in Reimbursement Policy)
- Bank Account Reconciliation
- Petty Cash Fund
- Property and Equipment
- Personnel Records (enhances section in Personnel Policies)
- Payroll Processing
- End of Month and Fiscal Year End close
- Financial Reports
- Financial Policy Statements

Mayor Freeman asked that a provision under Evaluations be added stating that the Executive Director along with other League staff will have an evaluation.

Ms. Nakamura responded that the evaluation section clearly states that staff will have an evaluation. But, as she and Mayor Hiatt discussed there is not a process in place for the Executive Director position but she will add this to the policy.

Other Business

Council Member Pace said that after what the League has been through lately; he feels there should be a statement somewhere in the policy that states that the League will pay all of their bills on time to avoid late fees, penalties and interest charges. Also, a statement that says if an employee is no longer working for the League that their credit card be canceled.

Ms. Nakamura said she will make the recommended changes to the policy and will provide the Board with a revised copy before the next Board meeting.

Mayor Hiatt said based on the changes made to the policy in today's meeting, he suggested that the Board adopt the policy and then meet again on January 20, 2017 to review the amended document.

ACTION: Council Member Pace moved to approve the policy and procedure changes as provisional and subject to further review at the next Board meeting. The motion was seconded by Mayor Seghini. The motion carried unanimously.

Mayor Hiatt said there was a conversation at the last Board meeting regarding policy and questions regarding credit card usage. It was suggested that the Board ask the State Auditor to do a review of credit card usage of all League employees past and present and the State Auditor is still doing the review at this time. A draft report will be available mid January.

Mayor Hiatt announced that a closed session will be held at this time and all League staff with the exception of Mr. Church and non-voting members were excused.

ACTION: Council Member Pace moved to adjourn at 11:45 a.m. and reconvene in a closed session for the purpose of discussing the character, professional competence and mental health of an individual. The motion was seconded by Council Member Holbrook. The motion carried by roll call vote.

Mayor Steve Hiatt, President, Kaysville - AYE

Council Member Beth Holbrook, 1st Vice President, Bountiful - AYE

Mayor Jon Pike, 2nd Vice President, St. George - AYE

Mayor JoAnn Seghini, Treasurer, Midvale - AYE

Council Member Lynn Pace, Past President, City of Holladay - AYE

Mayor Karen Cronin, Perry - AYE

Mayor Dean Baker, Naples - AYE

Council Member Andy Beerman, Park City - AYE

Mayor Mike Caldwell, Ogden City - AYE

Mayor Carmen Freeman, Herriman - AYE

Council Member Mike Mendenhall, Spanish Fork - AYE

Mayor Dave Sakrison, Moab - AYE

Council Member Kelleen Potter, Heber - AYE

Council Member Bob Stevenson, Layton - AYE

Council Member Curtis Ludvigson, Sterling - AYE

Mayor Brent Taylor, North Ogden – PARTICIPATED VIA TELEPHONE - AYE