

**TREMONTON CITY CORPORATION
CITY COUNCIL MEETING
August 3, 2010**

Members Present:

David Deakin
Diana Doutre
Lyle Holmgren
Jeff Reese
Roger Fridal, Mayor
Shawn Warnke, City Manager
Darlene S. Hess, Recorder

CITY COUNCIL WORKSHOP

Mayor Fridal called the August 3, 2010 City Council Workshop to order at 6:06 p.m. The meeting was held in the City Council Meeting Room at 102 South Tremont Street, Tremonton, Utah. Those in attendance were Mayor Fridal, Councilmembers Deakin, Doutre, Holmgren, and Reese, City Manager Shawn Warnke, Recorder Darlene S. Hess, Zoning Administrator Steve Bench, Public Works Director Paul Fulgham, Police Chief David Nance, and Treasurer Sharri Oyler. Councilmember Wood was excused. The Council reviewed the agenda and discussed the following items in detail.

1. Open Public Meeting Training – this agenda item was not addressed
2. Review of agenda items on the 7:00 p.m. City Council Meeting
 - City Manager Warnke commented that all the Council had received a letter requesting that the City consider joining the Utah Infrastructure Agency (UIA), however, Mr. Warnke received a phone call from UTOPIA asking the City to hold off on discussion and consideration of joining UIA. As a result, Manager Warnke recommended that Item 8.d. be removed from this evening's Agenda. Councilmember Holmgren stated that he still has an open mind on this issue, but UTOPIA is making it very hard as they are not providing needed information. There was concern that people may be present because of the scheduled discussion of joining UIA. Councilmember Holmgren suggested that the Mayor ask if any interested parties are present before removing the UIA membership discussion from the Agenda.
 - Mayor Fridal asked if there were any questions on the minutes. Councilmember Doutre referenced page 9, Agenda Item 9.a.2) where she had asked about providing shade for the playground at North Park. What she meant was the playground at the Library (Shuman) Park.

- Councilmember Doutré commented that all of the gas utility entries on the Warrant Register reference Mountain Fuel and our provider is now Questar. Recorder Hess said she would change the General Ledger.
- Steve Bench explained that the dedication of part of 350 North for use as part of a public street is related to a remnant piece of property from a private land sale. The owner was delinquent on property taxes. The City contacted the owner and the owner conveyed the property to the City. This will relieve the tax burden for the individual.
- Director Fulgham told the Council that Paul Krauth, Utah Division of Water Quality, will do a PowerPoint demonstration regarding the State Nutrient Study.
- Chief Nance reported that the County would like to close down 1000 West from 350 North to 500 North during the Box Elder County Fair for the entire week of the Fair. This would be good for the Police Department as they wouldn't have to man the crosswalk, and it would be safer for the pedestrians. The County has talked about moving the Carnival out on the street in the future. Electronic signs will be placed at Main and 1000 West and by the hospital to notify semi-trucks that there is no through traffic. In the past, Malt-O-Meal and other businesses have been advised of the closure, notices put in the paper, small signs posted, and the area has only been closed from 5:00 p.m. until closing time, but Chief Nance stated that he does not see a problem with it being closed all day long.
- Manager Warnke told the Council that in the past there have been some difficulties with the City's Tax Rate primarily because of the RDA's. It is pretty unique to have such large values in the RDA. The Certified Tax Rate was recently received. In looking at it, there were some anomalies in the Tax Rate before it was adjusted to where it is now. Prior to the adjustment, it showed \$41M of new growth, in the City's boundaries. There was \$4M in new growth in the Centrally Assessed Property which is property which crosses jurisdictional boundaries. It is property that the State assesses in value, but not the County. In Tremonton City's case, it is typically railroads, but Rocky Mountain Power's new transmission lines created about \$4M in Centrally Assessed value, \$20M of that \$40M was attributed to a correction in Personal Property Tax. This is a self-assessment tax on equipment, etc. that businesses pay. Occasionally the County will do an audit and then do adjustments when necessary. This was the case with West Liberty's reporting. They misclassified some of their personal property. That accounts for some of the \$20M. The balance was in real property growth. This seemed unusual based on what the City knew. The Tax Rate also seemed strange because, though the property values increased, the rate increased, also. Usually as the base increases, the rate drops, and as the base shrinks, the rate increases. Manager Warnke contacted Tom Bennett, the County Auditor. After reviewing the Tax Rate, they had a meeting with the State Tax Commission and together were able to find some of the anomalies and adjusted those. This resulted in a \$5M reduction in real property. Tom Bennett was present and explained the process of setting the Certified Tax Rate. The first certified rate supplied to the City showed a 20% increase over last year. But, what is legal is not necessarily right. Mr. Bennett and Mr. Warnke have been working with the State every day or so during the past two weeks, letting them know

if something doesn't look right. If this isn't done, the tax rate increase could very easily be 20% to 25%, and be perfectly legal without Truth in Taxation Hearings.

This year there are two options as far as the Tax Rate. Mr. Bennett explained that one of the Legislators came up with the idea that municipalities were not only getting the Certified Tax Rate, but they were receiving revenue for redeemed property that someone hadn't paid two, three, or more years ago. They felt that wasn't right as it was providing extra revenue, so they took the Redemption out of the base. There is the option to go with the Certified Tax Rate which is about a .76 increase, or take the Redemption amount, which would not require going through Truth in Taxation. Manager Warnke presented an example of how this would apply to an individual's tax bill.

Councilmember Doure stated that there are several people who live in her area that are being taxed for both the Tremonton and Garland Cemetery. Mr. Bennett recommended that they acquire a GIS map from Chad Montgomery at the County to determine which cemetery district they are actually in. The key will be to find the original boundaries of the Garland and Tremonton Cemeteries and then see if there have been any changes to the map.

Councilmember Reese asked if it was correct that the City only has two choices. Manager Warnke stated that the Council could choose a rate somewhere in between. Mr. Bennett said the Council could also choose to go below or take the same Certified Tax Rate from last year. Councilmember Holmgren said it would help him to see the different scenarios and the revenue that would be generated and then compare them to the City's budget. Councilmember Reese asked if the home values were increasing and Mr. Bennett told him that, for the most part, home values are the same or a little bit less. The tax on a \$200,000 home was calculated at various rates.

Mr. Bennett explained that the State tax program cannot handle all the anomalies Tremonton has, so they have to manually get the Tax Rate to a point that is reasonable. A 20% tax increase is not reasonable. The Certified Tax Rate is .002654. The higher of the two rates, with the option to capture the Redemption, is .002727. The Certified Tax Rate of .002654 would provide approximately \$845,727 in estimated revenue. With the .002727 Redemption Rate, the estimated revenue would be about \$869,133. The City budgeted \$850,000 for Property Tax for general operations which does not include the Library. A \$1.30 increase from last year in the scenario given would net the City about \$24,000.

Councilmember Deakin stated that the City spent a lot of time last year going through documents because of an error in the tax rate and asked what was going to protect the City in the future from having this happen again next year when he is no longer there. Mr. Bennett stated that the City needs six to eight people working on this to keep on top of it, not just Shawn. Every time there is a change in the Legislature, with new laws, this happens. Councilmember Deakin asked if the Tax Commission doesn't care to work with the City's unique position because every time

the City talks to them they say, "It's your unique issue, you resolve it." Mr. Bennett said that the State is good to work with as long as it is brought to their attention each year. The City and County will also need to check their numbers. It is the County and the City's responsibility but mostly the City's. Unless something really weird happens, there should not be a variation of more than a couple percent in the tax rate. Councilmember Deakin said that, if the City had stayed with the pattern they were on before, the Tax Rate would now be 70% higher than it was the year before they were elected.

Councilmember Deakin asked what the logic is behind the Redemption Rate. Mr. Bennett said that, basically, the philosophy is that the Cities and Counties get money in from prior years for tax bills that were not paid. A Legislature noticed that this was money the communities were getting from the current year value on their tax rate so they felt it should be taken out of the current year.

Councilmember Holmgren said he was glad that the County Commissioners were present. He commented that there is a situation where it would be helpful to get Tremonton City's support in the form of a letter. The ranchers in Box Elder County have been hit up pretty hard because the Western Watershed Project has made some political moves. Councilmember Holmgren said he has been asked by some of the growers if Tremonton City would provide some support, in the form of a letter, stating that ranching and agriculture are important and provide the lifeblood to this community. Ranching alone in Box Elder County brings in about \$75M each year and it is an important part of our economy. Western Watershed threatened to sue El Paso Corporation Pipeline for about \$20M. El Paso Corporation Pipeline, rather than going into a lawsuit, just settled out of court. It is his understanding that the money is being used to buy out grazing permits, etc. This will be detrimental not only to the County, but to Tremonton. Councilmember Deakin asked if they are buying the permits and then doing nothing with them. Councilmember Holmgren replied that is their object. They buy the permits, grazing, irrigation, etc., and take those permits away from ranchers. County Commissioner Brian Shaffer stated that at this time they can't legally retire the permits, but they can take them off the market and their hope is that within five years they can get Congress to allow them to retire those permits. Not only does it threaten the grazing permits on public lands, but it also threatens all sorts of public uses such as mineral and even recreation. Western Watershed would like to keep the public lands in a pristine condition. It is more threatening than just grazing. Mayor Fridal told Councilmember Holmgren to get with Manager Warnke to draft the letter. Commissioner Shaffer said that the County is going to pass a Resolution on August 17, 2010, expressing the County's opinion against Western Watershed. If Tremonton City did nothing more than give them a support letter for that Resolution it would go a long way. The Council will be able to review the Resolution after August 12th to see what the County is in support of.

The meeting adjourned at 6:59 p.m. by consensus of the Council.

CITY COUNCIL MEETING

Mayor Fridal called the August 3, 2010 City Council Meeting to order at 7:06 p.m. The meeting was held in the Tremonton City Council Meeting Room at 102 South Tremont Street, Tremonton, Utah. Those in attendance were Mayor Fridal, Councilmembers Deakin, Doutre, Holmgren, and Reese, City Manager Shawn Warnke, Recorder Darlene S. Hess, Zoning Administrator Steve Bench, Public Works Director Paul Fulgham, and Police Chief David Nance. Councilmember Wood was

excused. Mayor Fridal welcomed those visitors in attendance.

1. Opening Ceremony.

Mayor Fridal informed the audience that he had received no written or oral request to participate in the Opening Ceremony. He asked anyone who may be offended by listening to a prayer to step out into the lobby for this portion of the meeting. The prayer was given by Councilmember Holmgren and the Pledge of Allegiance was led by Councilmember Deakin.

2. Introduction of guests

Mayor Fridal said that the City was especially honored to have County Commissioner Brian Shaffer present this evening. He also welcomed Monte Munns, Box Elder County Fair Board, Paul Krauth, Utah Division of Water Quality, and Tom Bennett, Box Elder County Auditor.

3. Approval of agenda.

Mayor Fridal asked if there were any changes to the agenda. Councilmember Holmgren stated that one of the items on the agenda is a discussion of the Utah Infrastructure Agency (UIA). He asked if anyone in the audience was present for the purpose of hearing the discussion in the Utah Infrastructure Agency. There was no response. Councilmember Holmgren stated that UIA has stated that they are not quite ready for the Council to proceed with this discussion.

Motion by Councilmember Holmgren to approve the August 3, 2010 agenda with the deletion of Item 8.d. Motion seconded by Councilmember Reese. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, and Councilmember Reese – aye. Motion approved.

4. Approval of minutes - July 20, 2010.

Mayor Fridal asked if there were any changes or corrections to the minutes. Councilmember Doutre made a correction to page 9, Item 8.1.2), second paragraph, first sentence. It should read, “. . . provide shade for the playground at *Shuman* Park.”

Motion by Councilmember Doutre to approve the minutes of July 20, 2010 with the following correction: change page 9, Item 8.1.2), second paragraph, first sentence to read, “. . . provide shade for the playground at *Shuman* Park.” Motion seconded by Councilmember Deakin. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, and Councilmember Reese - aye. Motion approved.

5. Public Hearing

- a. To consider amending the Budget entitled “The Tremonton City Annual Implementation Budget 2010-2011 (General Fund, Capital Fund, Enterprise Fund(s) and Special Funds and Special Improvement District #1)”, for the period commencing July 1, 2010 and ending June 30, 2011

Mayor Fridal opened a Public Hearing to consider amending the Budget entitled “The Tremonton City Annual Implementation Budget 2010-2011 (General Fund, Capital Fund, Enterprise Fund(s) and Special Funds and Special Improvement District #1)”, for the period commencing July 1, 2010 and ending June 30, 2011. In addition to the Council, ten people were in attendance.

City Manager Warnke explained that the normal budgeting process is to estimate revenue and expenditures. As part of those estimates adjustments are made as needed. There are a few adjustments that now need to be considered:

GENERAL FUND:

- Food Pantry grants in the amount of \$8,700 – both revenue and expense need to be increased by this amount
- The City is acting as the purchasing agent for a Homeland Security grant in the amount of \$200,000. The City will purchase the radios for this grant and then be reimbursed a short time later.
- Railroad maintenance – an increase in both expense and revenue. The City owns a rail spur which services our industries. There is maintenance that needs to occur on those lines. Typically that work is reimbursed as a result of agreements with the related industries, but there is a portion of that work which the City can do and the industries have asked, rather than reimbursing the City, that the City participate in that project.
- Road projects – It will be proposed that \$200,000 be transferred from the City Fund Balance for the purpose of doing needed road work. The auditors noted in the last audit that the City is falling behind the schedule as far as keeping up on the maintenance of City roads. Mr. Warnke stated that he would like to talk with Finance Director Curtis Roberts and get his recommendation, as well. That will not be available until the next City Council meeting.
- Public Works salaries \$3900 – From time to time, Public Works is called upon to do work at the Senior Center. Those salaries need to be included in the Senior Center budget.

STORM DRAIN FUND

The Storm Drain Fund is a recently established Fund. It does not have a Fund Balance to draw upon. At this point, very little revenue is being collected in this Fund which is something that the City Council is going to need to consider at some

point. There are some projects that are starting to accumulate:

- Storm water and road improvements – as the City has done road projects, the portion that is related to roads and the portion that is related specifically to storm drains is being separated. There are two projects:
 - 850 South Project - \$7,500
 - 350 North Project - \$12,500
- Correction of Storm Drain pond – The Budget includes the City’s portion, but the City will work as project manager for this project. The developer’s contribution and expense will also need to be budgeted.
- Storm Drain on Iowa String – the developer who is doing this project will pay their portion of the storm drain, but the City would like to upsize the storm drain line to carry more capacity. The City will need to pay the difference.

Overall it is expected that \$56,000 will need to be drawn from pooled cash as there isn’t a Fund Balance reserve in the Storm Drain Fund. There is a Fund Balance in the RDA. Manager Warnke recommended that the Council appropriate the Fund Balance in the RDA to meet some of the City’s obligations.

Manager Warnke recommended that, instead of closing the Public Hearing, that it be continued until the August 17th meeting so that some of the items can be finalized and the public can still make comment on any changes.

Mayor Fridal asked if there was any comment. Councilmember Doutre asked if figures on the Iowa String Storm Drain Project would be available before the August 17th Meeting. Manager Warnke said that there is a study that is going on which could take two or three weeks, but he felt, for budgeting purposes, an amount should be available prior to the August 17th meeting. There was no public comment.

6. Common Consent - Consent Agenda.

a. Consideration of approving June Financial Statement.

Councilmember Doutre mentioned, as a housekeeping item, that the fuel bill titles on the Warrant Register should be changed to read “Gas – (Questar)” instead of “Gas – (Mountain Fuel).”

Motion by Councilmember Reese to approve the June, 2010 Financial Statement. Motion seconded by Councilmember Deakin. Vote: Councilmember Deakin - aye, Councilmember Doutre, Councilmember Holmgren - aye, and Councilmember Reese - aye. Motion approved.

- b. Approval of authorizing the Mayor to sign a plat dedicating part of 350 North for use as part of a public street.

Zoning Administrator Bench said that County Auditor Bennett notified the City of a remnant piece of property from a prior sale. It is located on 350 North just off 400 West by the 8-plex. The property was used as part of the City street as well as parking for the 8-plex. The person who owned the remnant piece had some overdue taxes, so the City contacted him and had the parcel deeded to the City. The parcel was then split. One portion needs to be dedicated for use as part of a public street on 350 North. The remainder will be deeded back to the owner of the 8-plex for use as their parking lot. The property has been surveyed and an engineer's plat prepared for the Mayor's signature.

Motion by Councilmember Deakin to authorize Mayor Fridal to sign a plat dedicating part of 350 North for use as part of a public street. Motion seconded by Councilmember Doutre. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, and Councilmember Reese - aye. Motion approved.

- 7. Request to be on the agenda (not an action item):

- a. Results from the Statewide Nutrient Cost Study Presentation to Utility Boards – Paul Krauth, Utah Division of Water Quality

Director Fulgham introduced Paul Krauth with the Utah Division of Water Quality. He does a lot of work with the communities in the field, training the operators on how to operate their wastewater collection systems and treatment facilities. About a year ago the State started doing Nutrient Studies because they are changing TMDL (Total Maximum Daily Limits) levels which can be put out into streams and rivers. Part of the study which the State performed was to determine what it would cost if the limits were lowered, and, at different limits, what it would cost the communities. All the treatment facilities participated in this study. We went to Salt Lake and met with engineers to give them data from the treatment facilities on how we operate. Mr. Krauth will present the results of that study. It shows at certain different level limits what it will cost the communities to treat at that limit. In some previous meetings, especially those with Garland City for the Treatment Plant Meetings, Mr. Fulgham said he brought up the fact that, if the City ever has another big expense to this treatment plant facility, it will be due to nutrients: phosphorous, nitrates, etc. That is what this Nutrient Study will show.

Mr. Krauth said that one of the questions he wanted to answer was, “what are the nutrient issues that the State is concerned with and why they are important from national, State and local levels; what the impact is on certain communities; what the costs are; and what the timing is to implement this.” Mr. Krauth stated that the timing will be about a five to ten year planning window.

The nutrients of concern are nitrogen and phosphorous. These are fertilizers and this is a national issue. It has greatly impacted waters nationwide. It has really impacted fisheries, recreation, and drinking water supplies with additional costs for treatment.

These nutrients produce increased growth in algae. The algae produces large blooms which float on the surface of the water, making the lakes appear to be green. As the algae drops to the bottom of a lake and decays, it creates a big oxygen demand resulting in fish kills with the potential of losing entire fisheries.

Mr. Krauth said that the blooms have cyano toxins in them. These can cause itching skin if one swims in infected water. If ingested, it can be fatal. It can kill cattle. This happened in the Uintah Basin. More nutrients have been ingested into the system worldwide as the population has grown and more fertilizers have been cycled into the water systems. It has also affected drinking water. In the 1970's there was a big nutrient problem at Deer Creek Reservoir, which is a major water supply for the Salt Lake Valley. This solved was by asking the treatment plants not to discharge into Deer Creek Reservoir.

This is a national trend. What the nationals are pushing for are the numeric standards Mr. Fulgham alluded to. The EPA is really pushing for Utah to get a numeric standard in place. One of the things that had to be considered is the cost.

In doing the study, the State looked for four scenarios: phosphorous at 1 part per million, where treatment plants are typically spitting out 4 to 5 parts per million; phosphorous at one tenth part per million; phosphorous and nitrogen at 20 and 10 parts per million. Those numbers are actually very liberal compared to what people in the Chesapeake Bay and the Mississippi Drainage have to meet. About 65 percent of the population of the United States already has these limitations in place.

If the State asks thirty of the wastewater treatment plants in the State to go to 1 part per million, the total capital cost is about \$24M. In addition, it is going to be about \$4.5M per year statewide to implement it, mainly because it involves chemical addition. Statewide, on average, it raises everybody's sewer rate about \$1.19 per month. To go to phosphorous at the higher levels of 1 parts per million and nitrogen/phosphorous at 20 parts per million, it will cost about \$140M. The operation and maintenance costs are about the same because the treatment plants will be buying the same amount of chemicals. This would raise sewer rates about \$3.00 per month.

To go to the lower phosphorous levels of one tenth part per million, the total capital cost would go to \$820M and would raise everyone's rate about \$11.00 per month. To go to the lower rate for phosphorous/nitrogen would cost about \$1B. If we were to have this type of limit imposed on us, it would mean that all of the lagoons, which are 65% of the treatment plants in the State, would have to be abandoned and mechanical plants built. That would raise everybody's rate about \$13.50 per month.

What Tremonton would have to do to go to one phosphorous is build a tank on the front end of the system and add the chemicals. Capital cost to build the tankage, the pump station, the storage, and the chemical feed, etc. would be about \$1.5M based on national average. The average operation and maintenance (O & M) additional

cost is about \$2,600 per year. This would raise sewer rates about \$2.60 per month which would include a 5% interest rate for borrowing the money.

To go to the tight standard, the tank would have to be built, chemicals would need to be added in a couple of places, and the sand filters would have to be abandoned and different type built. These would be expensive filters to put in. That capital cost would be about \$10.7M.

The State also looked at affordability criteria, using 1.4% of the median household income to determine if people can afford this, and most can. It would drive some town's sewer rates up to \$40 or \$50 per month which is about the national average rate. This would be the additional chemical costs and the additional power to run the filtration, etc. It is a big jump from \$26,000 per year to \$75,000 per year for the tight standard. That would increase the rate about \$20.00 per month.

Councilmember Doure asked why, since the Malad River is already bad water and isn't used, would Tremonton's standards need to be so strict. Mr. Krause replied that it is because this may come down as a national requirement for anyone who discharges anywhere. Director Fulgham and Councilmember Holmgren explained that the Malad feeds into the Bear River and then into the wetlands, so it is an issue. Councilmember Reese commented that settling ponds are less expensive and Mr. Krauth said that is because they never discharge. Councilmember Deakin asked what the possibility would be of recycling the water back through the City system. Mr. Krauth said that the cost of complete re-use would probably triple that amount.

Councilmember Deakin asked Director Fulgham how many parts per million the City is discharging now and was told 4.8. Director Fulgham said those samples were taken during a bad year with West Liberty Food so he thinks they may be high because of that. Councilmember Deakin asked if it is a product of agriculture, industry, or something else and Director Fulgham told him it is human waste. There is no phosphorous in detergents anymore, so it is just what is produced by humans. That is always a sore point with the cities that are point sources. There are all sorts of sources, though, such as farmers, natural phosphorous, all kinds of things. The last study done on the lower Bear River showed that only 4% of the phosphorous loading actually came from the treatment facilities and the rest was coming from somewhere else. Since that time, the NRCS is giving farmers money to help clean up feed lots. When the study is completed, which has been pushed back a couple of years because of the State budget, it will show the new numbers of what percentage of the phosphorous loading is actually attributed to the treatment facilities.

Mr. Krauth said, when talking about putting out \$10.7 M, that money would be better spent on some other projects such as loaning that money to a non-point project versus the cities, but the cities have a revenue stream with their rates. To build a full blown three million gallon per day nutrient plant from the ground up would cost in the range of \$40M to \$60M.

Manager Warnke asked if it would be a State decision to implement the standards. Mr. Krauth said that every three years they have to submit their water quality standards to EPA and they either accept them or reject them. The last go-around,

they rejected them because we didn't have numeric standards. The State is still in negotiations with them on that, but if this happens, and the numeric standards could happen within a year or two, then we are talking about implementation. It is not realistic that the State could come up with \$1B to loan to upgrade these plants in order to implement the tight standards. What would be looked at is more in the range of \$24M for everyone, and that would be the \$2.60 per month rate increase.

Director Fulgham said that there is a similar group to the Western Watershed Project, Friends of the Great Salt Lake, who want these lower limits pushed on everyone. Politics in Washington affects a lot of what is forced on us in the West. Perry/Willard just built a treatment facility similar to Tremonton's, located near Willard Bay. They thought they were ready to go, but something happened when they filed their permit for discharge and now they are being held hostage on being able to discharge and operate their facility that they have spent \$30M to build. If they can't get the permit, they do have an option, but it will probably cost them another \$2M to take the water back out of the treatment facility and put the treated water back into the Perry City lagoons that sit west of the freeway. The Friends of the Great Salt Lake are suing the State to stop renewals. They are objecting to everything, even discharge permit renewals into the lake. This could be Tremonton sooner or later. Discharge permits have to be renewed every five years. We don't have a limit, yet, and once one is implemented it will probably take five years to affect Tremonton. There may be new technology then. Mr. Krauth said that Tremonton is in much better shape than some of the facilities because Tremonton has a lot of the equipment in place.

8. New Council Business- Action Items:

- a. Discussion and consideration of closing 1000 West from 350 North to 500 North during the Box Elder County Fair – Monte Munns

Mr. Munns informed the Council that he has been given the opportunity to be the Fair Board President for the next three years. The Fair Board would like to close 1000 West during the Fair for the width of the Fine Arts Building for this first year to see what will take place. Another year they may want to close it from the bridge to the north entrance into the parking lot.

The issues are two-fold. One issue is safety with pedestrian traffic and vehicles trying to get through the area. The safety issue would be better if the road was blocked. The other issue is vendors who would like to set up shop in the area where the road would be closed. The proposal is that there would be barricades on the south of the crosswalk to protect the crosswalk. On the north end where the other entrance is to the parking lot, there would be a movable barricade so, if it were necessary to get someone in or out, the fairgrounds could be accessed from that end. The Fair Board has talked to a rental company about obtaining a couple of mechanical message boards which will be placed on the south end by the Mexican Restaurant and on the north end of the street. They would say something like "road

closed to semi's for this period of time". In the event a semi were to get through, it would be tight but they could make a turn at the parking lot and go out the other end. They would like to close the road down on Tuesday afternoon, but the signs would go up on Monday. Councilmember Doutré asked if there would be any modular homes erected there and was told that there will not be any this year.

Mr. Munns stated that there is a row of handicap parking on the east of the Fine Arts Building. Along the east wall of the indoor arena there has been parking for the Fair Board President and the Commissioners. Those signs have been taken out and replaced with handicap signs. However, it was felt that it would be difficult for people to find. Instead the handicap parking will be located south of the midway, where the road angles off by the track, before you get to the exhibit buildings. There will be a large sign which says "Handicap Parking" where the officer guards that gate. It will be a good area because it is hard surfaced and make it easy for use of a wheel chair, and it is in a close proximity to the main part of the Fair. Getting in and out will also be easier. Councilmember Reese said he thought it was a good idea.

Mr. Munns said that he has sensed over the years that the relationship between the County and Tremonton City, in regards to the Fair, has not been as good as it could have been. Mr. Munns said he would like to improve that and have a better and an open relationship regarding the Fair because the Fair is really an important deal for the County. If there are issues in the future regarding the Fair that Tremonton would like to bring out, Mr. Munns encouraged the Council to do so. They would also really like Tremonton City to be involved in the fairgrounds because there are things the County would like to do at the fairgrounds that will impact Tremonton City in a positive way. The Fair Board has contracted with a firm out of Iowa whose business is to create master plans on fairgrounds. Last year when Mr. Munns visited with all of the Directors, they all said they needed more room and that they have more people who want to exhibit than there is space for. That is a great problem to have, but trying to decide how to change things gets interesting. It was felt that getting someone who does it for a living and is outside of the politics would be a good thing. They will be at the Fair this year to see what is going on, and probably within six months they should have a study completed which will guide the direction that the fairgrounds goes. Mr. Munns said he would like to see a lot more events at the fairgrounds. This would influence hotels, restaurants, and other support business that would help to sustain such events. He would hope that there could be a good relationship in developing this. Councilmember Holmgren added that the Fair is by far Tremonton's single largest event and Tremonton is the beneficiary of the revenues that come in. He said he was sure everyone would agree that Tremonton is in full support of working with the County recognizing that the fairgrounds is a mutual benefit.

Mr. Munns stated that they had intended to put on a concert at Stevens Park but, because it was the first year, decided they had better not go to that expense. Mr. Munns apologized for the time the City put into the organization of the expected event. The concert will be held at the band stand this year. Given the level of success they have, they would still like to see it moved in the future to a place where more people could be accommodated.

Mayor Fridal said that he doesn't know what the problem was but that he feels the City and Council are totally supportive of what the County does at the fairgrounds, with one exception. When Tremonton is holding Tremonton City Days, he would appreciate it if the County would not schedule a truck pull. In as much as the City has a significant investment in Tremonton City Days, a truck pull, making a lot of noise when someone is trying to perform at Jeanie Stevens Park, becomes a problem.

Commissioner Shaffer said that he thought the truck pull was part of the Tremonton City Days events. He said that he would like to ditto what Mr. Munns said. He feels that it is about time the County has a better working relationship with Tremonton City and that there have been times when the relationship has been strained. He said he was committed as a Commissioner to work more effectively with things of this type and the Council may see him at City Council Meeting more often so that he will be available to answer any questions. He told the Council that the County can change things so the truck pull doesn't interrupt the City celebration. Commissioner Shaffer stated that he is excited about what is happening at the fairgrounds and that it is just the beginning. The County has a lot of commitments from a lot of people and businesses to do a lot of things there. It is important that Tremonton City be involved and know what the plans are so they can have input.

Motion by Councilmember Deakin to close 1000 West from 350 North to 500 North during the Box Elder County Fair. Motion seconded by Councilmember Holmgren. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, and Councilmember Reese - aye. Motion approved.

- b. Discussion and consideration of adopting Resolution No. 10-29 approving the certified tax rate for 2010

Manager Warnke explained that the process of approving the certified tax rate is one that the City goes through every year. There are two primary options, and then a range of options in between those boundaries. The Certified Rate that we received is .002654 which, in theory, would deliver \$845,000 in revenue for general operations.

The Library has a separate rate of .000081. There is a change in the State law where they are taking out the Redemption from the Certified Rate. The City has the opportunity to adopt a rate that would include what the City has received in Redemption in the past. The Certified Tax Rate typically doesn't deliver what is anticipated as there are those who cannot or do not pay their taxes in the year they are due. Adopting the Redemption would bring the anticipated revenue up to \$869,000.

The third option would be to adopt a rate that is somewhere in between. Of course, the Council could always adopt a rate that is lower than the Certified Tax Rate. The City has budgeted \$850,000 in tax revenue.

Councilmember Holmgren commented on Mr. Warnke's statement that typically the

City receives less than the amount projected from the Certified Tax Rate. He stated that that may have been what happened last year as the City received less than was budgeted. Mr. Warnke said that was true. The City also received a portion of Redemption.

Councilmember Deakin asked Mr. Warnke to explain what Redemption is. Manager Warnke said that Redemption is collection of late or back taxes. Councilmember Deakin asked if the Redemption is then calculated in the Tax Rate. Manager Warnke replied that the first rate does not include the Redemption amount. Overall, the tax base shrunk for general operations though personal property increased, primarily in the RDA portion. This resulted in a higher rate. Last years rate was .002634. As the property tax base shrinks, the rate increases.

Councilmember Holmgren noted that Tremonton is unique in calculating those rates because of the value of the RDA's we have. Box Elder County Auditor Tom Bennett said that, because Tremonton has a larger value in their RDA's than most towns, it throws the Tax Commissions basic calculation off and they have to adjust the City's values manually to what they feel is reasonable with input from the County and the City as far as new businesses or evaluations, etc. The .002727 represents about a 3.5% increase over the prior years rate to bring in roughly the same amount of revenue the City received in the prior year. What this means is the Tremonton's overall value dropped a little bit, so the rate increased to give the City the same amount of revenue as last year.

Manager Warnke asked if the City would continue to receive the Redemption revenue along with the Certified Tax Rate amount. Mr. Bennett explained that the City will continue to receive the Redemption amount; it is just being taken out of the prior year's revenue as far as the Certified Tax Rate calculation. What the State is saying is that the Redemption that is received for prior year's taxes should not be part of the formula for calculating the current year rate and revenue. It is just extra money that comes in for prior years. But the certified tax rate will be lower to compensate for the money that will be received through the Redemption. The City has the option this one time to take up to the Redemption Rate without going through Truth and Taxation and having to hold a public hearing. Some cities are saying they will take the Redemption amount because it will get them to the revenue they received last year. Next year the same scenario will exist, but the City will have to hold a public hearing because it will be above the official Certified Tax Rate.

Jean Richins, a citizen in attendance, said that it had been indicated that when the property values go down the rates go up and asked, if property values were to go up, if the tax rates would go down. Mr. Bennett answered that the premise behind the Certified Tax Rate is that if the City sets a budget indicating they can operate on \$869,000. If the property value in Tremonton were to suddenly double, they don't need \$1.6M to operate, so the tax rate would be cut in half to give them the same amount that they had operated on the previous year. On the other hand, if Tremonton property values were to drop in half, Tremonton can't provide the essential services on \$400,000 so the tax rate would be increased. If the City decides they need more than the \$869,000, the law says they are asking for more than they operated on last year so they force the City into a public hearing, a large advertisement, and make it

very painful for the City Council, thus discouraging a city from raising taxes. Individual property values do not affect the tax rate. The overall value of property may go down while the value of an individual piece of property goes up. In this situation, the individual would be hit with a larger tax increase. Property taxes are a combination of a rate and the value of the home, each of which could move in a different direction. Residential rates have been staying flat or decreasing a little bit. If the property value decreases by 3.5% and the rate increases 3.5% the property tax paid would be the same as the previous year.

Councilmember Deakin stated that he is having trouble understanding the Redemption Rate giving the same amount of revenue. He said that he understands the Certified Tax Rate and recognizes that the City needs to protect their revenue. Mr. Bennett gave the following example. If the last year's tax rate was \$869,000 and this year's tax rate was \$869,000, the estimated Redemption rate of \$26,000 is not in either of those numbers. That State is saying that, since the City only needs \$869,000 and they usually get an additional \$26,000 in Redemption income, they are going to lower the rate to reduce the revenue by that amount, to \$843,000, but when the \$26,000 comes in, the City will receive the needed \$869,000. The problem is that there is no guarantee the City will receive the full \$26,000. It is based on a five year average. Councilmember Holmgren commented that it is a little bit of a gamble. The Council could go with the Redemption Rate and get the \$869,000 or go with the Certified Rate and maybe get the \$869,000, or maybe not. Mr. Bennett said that the County usually receives more than the Certified Tax Rate, but Tremonton typically receives a little bit less. That is probably a combination of the property values and the system producing the numbers.

Councilmember Reese commented that the Council had cut the budget quite a bit this past year. Manager Warnke agreed and said there were a lot of things that were cut out, for example, no new vehicles were budgeted for and a lot of capital expenditures were delayed. There is the chance that the City could be in a hole.

Councilmember Doutré said that she is having a real struggle telling the people of this town that we are going to raise the taxes at all during this difficult economy. Councilmember Holmgren said that he may be thinking wrong but his understanding is that either way the City will receive about the same amount. Mr. Bennett commented that the rate the Council adopts will affect the taxes the citizens pay. The question is, what will the City get? Some Cities have gotten themselves into trouble by being afraid to do anything.

Councilmember Deakin stated that he is inclined to go in the middle of the road. His fear is that if the Council goes with the existing rate, along with property values going down, the City may experience a revenue drop.

Councilmember Holmgren commented that the property tax is only one portion of the City's revenue stream. There is also sales tax. That should be factored into this decision as well. He asked how sales tax revenues are holding up. Manager Warnke

said that we won't know until we get further into the year, but last year it was \$150,000 less than was budgeted. Councilmember Holmgren said this is a hard one. The Council tries to use what they need and no more. Manager Warnke trimmed the budget to the bare bones this year. Councilmember Holmgren stated that he was not sure the City has the where-with-all to go with much less.

Mayor Fridal said that, as he has been pondering the situation, if the City went with the Redemption rate it is about one-half a diet Coke a month that would be increased. Looking at the budget the City has, Mayor Fridal said that he doesn't know if the City can risk having less money in the budget, not with the sales tax being down.

Motion by Councilmember Deakin to accept the Certified Rate of .002654. Manager Warnke commented that the Library rate would then be .000081. Councilmember Holmgren stated that the Library fund would also factor into the overall budget. Motion seconded by Councilmember Holmgren. Vote: Councilmember Deakin - aye, Councilmember Doutre - no, Councilmember Holmgren - aye, and Councilmember Reese - no. Due to a tie, Mayor Fridal voted - no. The motion failed.

Motion by Councilmember Reese to accept the Redemption Rate of .002727 due to the fact that sale tax revenue is low and he fears the City will not meet the needed revenue. Councilmember Doutre asked why the Council can't go somewhere in the middle. Councilmember Reese said that he would change his motion, but he fears that it will be, "I told you so" in the end. Councilmember Doutre commented that they don't want to be short in funds. Councilmember Reese said that, if sales taxes were average, he would feel good about the certified rate.

Mr. Bennett offered a suggestion. He said that the budget was balanced with \$850,000 in property tax with some big cuts. So, one option would be to raise the rate up to at least equal the amount that was budgeted. That would be a reasonable thing to do and would be a very slight increase above the low Certified Tax Rate. The Council could say that it was the most conservative estimate but it was done just so they could meet the already cut, trimmed budget. If the Council were to go with the Certified Tax Rate the City would already be under budget. The rate could be calculated to meet the \$850,000 budgeted amount. Councilmember Deakin asked if Mr. Warnke had included Redemptions in the budget amount. Mr. Warnke replied that some Redemption revenue was included.

Councilmember Reese asked what would be done about the sales tax revenue. Mr. Warnke explained that sales tax revenue fluctuates whereas the property tax is, in theory, a firm amount. There is going to come the day when the City is going to have to increase the rate drastically. There are some other sources of revenue that have been discussed in the past, but the Council has felt they would like to wait. Mr. Bennett suggested that the Council increase the Property Tax the 3.5 % to offset some of the loss in sales tax revenue. Councilmember Deakin pointed out that what is being said is that the property tax be raised to compensate for the loss in sales tax revenue. Councilmember Doutre said that she is a retail store owner and she has seen sales go down a great deal. She fears people are being taxed to death.

The motion died for lack of a second.

Motion by Councilmember Holmgren to modify the Certified Rate to match the \$850,000, which is the budgeted amount. Motion seconded by Councilmember Reese. Councilmember Holmgren commented that he feels it is a fair budget. There is no excess in it. Councilmember Deakin asked where the Redemption Budget is located on the Budget Report. Manager Warnke replied that it is found under Prior Year Budget, and the Library property tax revenue was not included in the Budget. He still recommended that the Council adopt the general operational budget at the \$850,000 because everything was cut so low. After some calculations Mr. Bennett, Mr. Warnke stated that the Certified Tax Rate would be .002667 and the Library Rate would be .000081. Vote: Councilmember Deakin - no, because there is a fraction of an increase, but he feels it is reasonable and he respects where the Council is coming from, Councilmember Doutre - aye, Councilmember Holmgren - aye, and Councilmember Reese - aye. Motion approved.

- c. Approval of Resolution No. 10-31 adopting an Ambulance bill Reduction Policy for Tremonton City

Manager Warnke told the Council that this was discussed at the last Council meeting. This is an adjustment of a current City policy based upon some issues that have been seen in trying to administer that policy. The primary change would be that it takes the authorization process out of City Council Meeting for review and approval and puts it in the hands of the staff. It allows for greater monetary adjustment by the staff. Also, the classification between resident versus non-resident was removed.

Councilmember Deakin stated that he supports part of it, but he would like to keep the resident/non-resident classifications. Manager Warnke suggested that the policy be tabled so that it could be brought back in the correct form, just to make certain everyone is on the same page.

Motion by Councilmember Deakin to table the item and have the Resolution modified and brought back to the next City Council Meeting for consideration. Motion seconded by Councilmember Reese. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, and Councilmember Reese - aye. Motion approved. Manager Warnke questioned whether the write-off of up to 100% was acceptable. Councilmember Deakin said he was comfortable with 100% in situations that are not collectible. Mr. Warnke asked if that would apply to non-residents. Councilmember Deakin explained that there is a policy for residents that the City will write-off everything that the insurance doesn't pay. Non-residents are obligated to pay what is charged. Councilmember Deakin said he would like to see a report, at least annually, of how many grace favors the Chief and Treasurer are doing.

- d. Discussion and consideration of a Resolution No. 10-XX authorizing the City to enter into an interlocal cooperative agreement to form the Utah Infrastructure

Agency and to become a member of the Utah Infrastructure Agency, to appoint a member of the board of directors and to appropriate the amounts for membership in the Agency

Agenda item postponed.

9. Comments:

a. Administration/City Manager Advice and Consent.

1) City tree grant application to the Union Pacific Foundation

Manager Warnke is working on grants. One would involve putting islands on 100 South heading east from Tremont Street. There is one island on the far east end. The idea is to add two additional islands to control parking, making it 45 degree parking, and put trees in the islands to create some screening for the loading dock and the outside storage as viewed from the Civic Center.

2) Discussion of a draft Tremonton City Logo limited for the specialized use for tree grants.

Mr. Warnke stated that he drafted a logo that he thought of using for tree grants. Part of the logo was pulled off the web. There is a \$70 fee associated with using that logo, for the highest resolution. A specialized logo isn't necessary, but it could carry some weight in submitting grants for trees. Councilmember Holmgren said that he could help with some images that could be used, but paying \$70 isn't a problem. Councilmember Doutre suggested playing on the "Tre" in Tremonton might be fun for the logo.

3) Tremonton City Response to 2009-2010 Audit Management Letter

Mr. Warnke provided the Council with a copy of the required response to the Audit Management Letter which he prepared and submitted to the Auditors.

4) City Council Calendar Items

The Council was advised of the following upcoming calendar items:

- August 9, 2010 the ULGT Barbeque will be held at North Park from 11:30 a.m. to 1:00 p.m. for the City Council and employees
- Cedar Ridge Water Meeting to be held August 9, 2010 at 6:00 p.m. at Deweyville Town Hall – The agenda is in their packet. Director Fulgham will be informing the Cedar Ridge residents of the City's involvement in acquiring the Thompson well and what impacts they might see as a result.

b. Council Reports:

Councilmember Holmgren requested that the City write a letter in support of the County's opposition to the actions of the Western Watershed, and stating that ranching and agriculture are important and provide the lifeblood to this community.

Councilmember Doutre said she supports writing the letter.

Mayor Fridal he would not be here next week and asked if some of the Council could attend the water meeting. He told the Council that Councilmember Wood will be attending the meeting. Councilmembers Doutre and Holmgren agreed to attend the meeting.

11. Public comments: Comments limited to three minutes. There was no public comment

12. Adjournment.

Motion by Councilmember Deakin to adjourn the meeting. Motion seconded by Councilmember Doutre. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, and Councilmember Reese - aye. Motion approved.

The meeting adjourned at 9:00 p.m.

The undersigned duly acting and appointed Recorder for Tremonton City Corporation hereby certifies that the foregoing is a true and correct copy of the minutes for the City Council Meeting held on the above referenced date. Minutes were taken by Norene Rawlings.

Dated this _____ day of _____, 2010.

Darlene S. Hess, Recorder