

**TREMONTON CITY CORPORATION
CITY COUNCIL MEETING
January 18, 2011**

Members Present:

David Deakin
Diana Doutre
Lyle Holmgren
Jeff Reese
Byron Wood (arrived at 6:40 p.m.)
Roger Fridal, Mayor
Shawn Warnke, City Manager
Darlene S. Hess, Recorder

CITY COUNCIL WORKSHOP

Mayor Fridal called the January 18, 2011 City Council Workshop to order at 6:00 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, Fire Chief Steve Batis, Zoning Administrator Steve Bench, Police Chief David Nance, and Financial Director Curtis Roberts. Councilmember Wood arrived at 6:40 pm. The Council reviewed the agenda and discussed the following items in detail.

1. Review of agenda items on the 7:00 p.m. Council Meeting:

The Council reviewed the January 18, 2011 Agenda with the following items being discussed in more detail:

- City Manager Warnke updated the City Council on the Budget Amendments. Manager Warnke and Fire Chief Batis met to revise the Fire Department Budget. Originally, the Budget showed \$35,000 coming from the Fire Department Fund Balance. The new amount that would be coming from that Fund Balance is \$47,000. Councilmember Deakin asked if that included the truck and Mr. Warnke told him it does not. There is still some revenue that is not being accounted for. Elwood has supposedly approved the Fire Services Agreement with Tremonton City, and the County is in the process of approving their agreement with the City. These revenues have not been included.

\$600,000 has been budgeted for the million gallon water storage tank. It is currently budgeted to come out of Fund Balance and Water Impact Fees. It may be better to budget as much as possible in the Impact Fees as Finance Director

Roberts wants it to be clear that this is a Capital Facilities Project which is eligible for Impact Fees and Impact Fees will be collected to pay for it.

The staff is working on an Impact Fee Study for Storm Water and the Budget will need to be increased to account for that. The Storm Drain Fund does not have a Fund Balance, so it is drawing from pooled cash. During the Budgeting process, the Council will need to address the Storm Drain fees and how much the City collects. A couple of years ago, this fund was separated out and made its own utility. In order to make it self-sufficient, the fee, which is currently about \$1.30, will need to be increased.

- Mayor Fridal recognized guests from the Chamber of Commerce. Micah Capener told the Council that the Chamber is trying to find a consistent office. They need a small space, or cubicle, for their employee, John Kitch, where he can work and people can visit him. Tremonton City is their first choice because this is where the logical partnership lies. In the past, the Chamber has exchanged dues for copying fees. Last year, the Chamber probably only printed 300 to 400 copies so it worked to the City's advantage. The Chamber would be willing to extend that arrangement. They are willing to pay their way. They have their own desk, computer, etc. They just need the space. Mr. Capener said that the Chamber appreciates all the support they receive from the City, and feels that a partnership with the City could maximize economic development and other things

Councilmember Holmgren stated that, if the City did try to do something, there needs to be a beginning and ending – like a two year lease. He recognized the good the Chamber does, but space is very tight within the City. He asked if there was a place at the Senior Center. Manager Warnke stated that he had checked with the Department Heads and none of them have any space. The only two possible areas, the conference room and an office in the back, are used by the City intermittently. The Council agreed, however, that the City and the Chamber have many of the same goals and it would be nice to be able to help them.

Mr. Kitch commented that, since the old Senior Center burned down, the Chamber hasn't had a permanent home. It doesn't give people much confidence in the organization when all they have is a P.O. Box address. The Chamber needs stability. The Council agreed that they should help the Chamber and try to find a space for them.

- Finance Director Roberts said that the Auditors will report tonight on what they call Significant Deficiencies which appear on their Audit Report. The City has, in the past, taken pride in not receiving this type of comment.

Director Fulgham identified assets during the Storm Drain split-out that had not been previously recorded. The auditors are going to say that there was not a system in place to identify these assets. There is now a much better system in place to identify assets as they are built and to break out the costs. The controls have been in place to identify assets for the past three years. The things they will report on are three years old and older.

The other concern they are going to present will be the inadequacy of charges in the Sewer and the Storm Drain Systems. Since the breakout, it is apparent how much the Water Fund has been subsidizing the Sewer and Storm Drain Fund.

- Manager Warnke reported that, after talking with Chief Batis, it was decided to take some time to see how the Fire Department Fund operates before considering purchasing the GMC Fire Rescue Truck. The Council still has the option to authorize an inter-loan fund.
- Resolution 11-04 amending the Fee Schedule: Manager Warnke stated that the Fee Schedule presented to the Council includes a \$0.50 increase for garbage. \$.035 would go for tipping fees and \$0.15 toward direct costs for City administration for garbage collection. What it doesn't cover is costs for payroll and funds for can replacements. The contract with Econo Waste is very specific about the City receiving \$0.90 for can replacement. Mr. Warnke said he would like to work with Econo Waste in amending the contract to address this issue.

There are a few other fees which Manager Warnke recommended be included. One is a fee for hazmat materials so that, should there be an incident, the City would have a way to cover the costs. What is proposed is that whoever receives the service pays for the cost of the materials plus 100%. This is the way materials and supplies are charged for the ambulance. Another fee, not included in this Fee Schedule but something the City has charged in the past, is an Ambulance Standby Fee in the amount of \$100 per hour.

Also, the Council needs to discuss how to charge those outside entities who receive City fire services but with whom there is no contract. The two possible options are to charge the costs, or to enter into a reciprocal agreement. Tremonton does have a reciprocal or mutual aid agreement, with Garland City. Tremonton has responded to fires in other areas within the last year, such as Bear River and Plymouth. Provided in the Council Packets is a breakout of what the City would have charged for the Bear River fire had the fees been in place. The City has an ordinance which allows for the collection of fees, but no fees have been put into place. Chief Batis explained that the hazmat fees are somewhat set by the Region Team. They own the Hazmat Trailer and supplies.

Mayor Fridal stated that his opinion is that the City should not enter into mutual aid agreements. If another community needs Tremonton's aid, they pay Tremonton. If Tremonton needs their services, Tremonton pays them.

Manager Warnke mentioned one other thing he would like to change. There is a statute which talks about fees cities can charge for building related fees. One of the Statutes is for identical plans. Manager Warnke would like to change the proposed definition in the Fee Schedule to match the definition in the State Code. The State Statute allows cities to charge a nominal fee for identical plans. Tremonton doesn't charge a fee for residential identical plans but the City does charge for commercial identical plans. Zoning Administrator Bench provided in the Council Packets two spreadsheets of what other cities are charging compared to Tremonton's charges. Tremonton's fees have not increased in eight to ten years. Councilmember Holmgren asked if this was something the City has to do, or if they are just trying to keep up with the other communities. Manager Warnke said that the City needs to pay for costs. This will be discussed more in the budgeting process.

Councilmember Holmgren commented that the City imposed an additional non-resident recreation fee a few years ago. He has received complaints about this fee and asked if it is really necessary. The people probably come into town and buy gas or food. Manager Warnke said that he has provided a listing of several services Tremonton provides to the greater community without charging for them. The City receives about \$5,000 per year from this fee. The argument that Tremonton receives the sales tax from their purchases is not entirely true. The formula for that is based upon 50% at point of sale and 50% based upon population, so it isn't all coming to the City.

- Councilmember Doutré asked if the City had sent a bill to Dan Chournos for the unpaid Water Impact Fees. Manager Warnke said that they have not, but the City does have an ordinance which allows for the adjustment of Impact Fees. This authority is delegated to the Planning Commission with the City Council becoming the appeal authority. The Ordinance states that anyone who is issued a Building Permit that impacts the system is to pay the fee and then they can come to the Planning Commission to have it adjusted. Mr. Warnke said Mr. Chournos has been made aware of the fee and the correct process for considering an adjustment. Mr. Chournos feels that he has already paid the fee and the City is trying to charge him more.
- Public Works Director Fulgham reported on the annual Municipal Wastewater Planning Program Self-Assessment Report and on the City Water Conservation Plan Update. The Conservation Plan Update has changed since last reported five years ago because Tremonton now has two industries that use 30% of the water in

the wintertime. Tremonton hasn't had that much growth rate, but usage has gone up because of industry.

- Manager Warnke told the Council that the City has received the new Senior Center Bus. It is a beautiful bus which will provide a great service to the seniors.
- Manager Warnke brought up the discussion the Council had at the last meeting regarding the Fire Department Fund and the bad debt that was written off. Director Roberts booked \$72,000 worth of bad debt. Last year, the Fire Department Fund ended up \$94,000 positive, even with \$72,000 booked as bad debt. Of the amount of bad debt that was written off, 46% was attributed to services provided to people passing through from out of state.

The meeting adjourned at 6:53 p.m. by consensus of the Council.

CITY COUNCIL MEETING

Mayor Fridal called the January, 2011 City Council Meeting to order at 7:05 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, Reese and Wood, City Manager Shawn Warnke, Recorder Darlene S. Hess, Zoning Administrator Steve Bench, Public Works Director Paul Fulgham, Police Chief David Nance, and Finance Director Curtis Roberts.

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 offered by Mayor Fridal and the Pledge of Allegiance was led by Councilmember Reese.

2. Approval of agenda.

Mayor Fridal asked if there were any changes to the agenda.

Motion by Councilmember Wood to approve the January 18, 2011 agenda with the elimination of Agenda Items 6.a and 9. Motion seconded by Councilmember Holmgren. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

3. Introduction of guests

Mayor Fridal recognized Mr. Michael Kidman of Jones, Simkins LLC. He also welcomed several high school students and one Boy Scout from Troup 332.

4. Public Hearing

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

Mayor Fridal opened the Public Hearing at 7:09 p.m. There were thirty-six people in attendance.

Manager Warnke highlighted changes to the budget. In the General Fund, there is no increase from Fund Balance: there are merely eliminations and adjustments to some expenses. The same is true in the Fire Fund, except \$47,000 has been taken from Fire Department savings (Fund Balance) and appropriated toward ongoing operations.

The biggest Budget Amendment in the Water Fund is a proposed funding of a water tank on the hill. The \$600,000 required for this project will come from past and future Impact Fees. The City is also working on a Storm Drain Impact Fee. There is some money that needs to be appropriated to complete that study.

Mayor Fridal closed the Public Hearing at 7:12 p.m. There were no public comments.

5. Presentations

- a. June 30, 2010 Financial Statement – Curtis Roberts, City Financial Director
Audit Report – Mike Kidman, Jones and Simkins PC

Director Roberts explained that the City actually prepares the Financial Statement. Then, under State Law, the City is required to verify that the information presented is materially correct.

Mr. Kidman reported that the audit went very well, as it usually does. His presentation focused on the Auditors Opinions:

- The Financial Statement is materially correct and presented in accordance with generally accepted accounting principles.
- The Government Auditing Standards for internal control are very, very high. It was necessary to make a journal entry associated with correcting assets in the Storm Drain Fund. This resulted in a comment regarding a minor internal control deficiency because “the City’s internal control system failed to identify certain infrastructure assets related to the storm

drainage system in a timely manner.” There were no findings about compliance.

- No major findings were found relating to State Legal Compliance Requirements related to the receipt of State money. A few minor violations were noted in the Management Letter, but as far as State Compliance is concerned the Audit was very clean and very well done.
- In the Management Letter, the following immaterial instances of non-compliance were reported along with suggested corrective or follow-up action:
 1. Justice Court – multiple instances were noted where the funds receipted were not remitted to the State by the 10th day of the following month.
 2. The advertisement for bids on the Slurry Seal Road Project was only published in a newspaper for two consecutive weeks instead of the required three weeks.
 3. The Utah Retirement Office was not informed in writing, of the dates the leave of absence began and ended for the purpose of accurately reporting service credit for employees out on leave.
 4. The General Fund unreserved fund balance exceeded the eighteen percent of revenue maximum.
 5. Because of a new requirement for Fund Balance reporting, the City needs to establish policies for the implementation of this standard.

Director Roberts commented that in the past year the Staff separated the Utility Fund into three funds: Water Fund, Sewer Fund, and Storm Drain Fund. When the Storm Drain Fund was broken out, Director Fulgham did an excellent job of noting assets which previously hadn't been recorded by the City. That is where the adjustment came from. The Storm Drain activity is a critical aspect which has a lot of legal requirements. Now the Staff can capture what the cost is to provide that service to the citizens.

Director Roberts said that he can't emphasize enough what a team effort there is within the City. There are a lot of dedicated and critical people who help to pull the financial information together for the Audit. Recorder Hess spends countless hours reconciling and getting numbers right. Director Fulgham is a great assistant and does a lot of work feeding necessary information to the Staff. There are also competent people in Payroll, and Accounts Payable. The City annually collects in the neighborhood of \$10M so there is a lot to account for and there is also a lot of required compliance.

Director Fulgham explained that the Sewer Fund, or the Sewer Collection System, takes quite a bit to maintain. Director Fulgham clarified that the term "Sewer" in this case refers to collection. It has nothing to do with Garland City. While the Sewer Fund is surviving, it is not keeping up with inflation. This means it is not generating enough funds to replace those assets when it becomes necessary.

The Storm Drain Fund actually suffered a loss. That means that the fees being charged are not adequate to cover the operating costs and, therefore, fund the replacement of assets. If the City doesn't start making a plan now, they will run into significant difficulties and face significant increases. The Council needs to put in place a plan of how this is going to be resolved during the budget process.

The Water Fund is generating a healthy return, but it is also building significant assets. The City has a new well coming on line at the cost of just under \$1M. The fee structure is solid, so no increases are perceived at this time.

The Treatment Plant is holding steady at about two percent inflation, but there is a significant filter project that is being completed which will impact that. The Staff will need to monitor that fee structure to make certain it is okay, but for now, it looks solid.

In looking at the overall health of the City, the City had planned to spend \$249,000 more than was taken in, but the City actually took in \$181,000 more than was spent. All of the Departments did a fantastic job of managing their expenses and finding ways where they could cut.

There is a new Financial Standard related to how Fund Balances are presented. The City passed an Ordinance designating the City Manager to determine how Fund Balances are spent. Manager Warnke explained how the Fund Balance has been broken out into the Governmental Funds: General Fund, Park Fund, Fire/EMS Fund and the Capital Projects Fund. First they looked at what has already been committed for this Fiscal Year and appropriated those funds. The State allows up to eighteen percent of Revenue in Fund Balance in the General Fund. \$250,000 was allocated toward future projects for roads and sidewalks, and \$45,000 was allocated toward vehicle replacements. The Park Fund allocation of \$176,000 is money which has been set aside for the expansion of City parks. This is the amount which was found deficient in the parks when the Park Impact Fee was instituted. In the Fire and EMS Fund, \$27,000 was appropriated in this budget year; \$50,000 is suggested to be set aside for Fund Balance Reserve, and \$17,000 for vehicle replacement. In the Capital Project Fund there is \$45,000 which hasn't been split out. That is something that can be talked about in the budgeting process.

Director Roberts concluded by saying that the foregoing report shows the financial state of the City. In looking forward, the City is in improved condition and fiscally fit. This is a credit to the team effort put forth by the Council and the Department Heads during the past difficult year. Director Roberts advocated, as the City continues to see improvement financially, that the City start setting aside money in the Capital Project Fund for some of the other Capital Project issues the City faces, such as space.

6. New Council Business:

- a. Discussion and consideration of the City purchasing a 1991 GMC Fire Rescue Truck

This Agenda Item was deleted.

- b. Discussion and consideration of approving Resolution No. 11-03 amending the budget entitled “The Tremonton City Annual Implementation Budget 2010-2011 (General Fund, Capital Fund, Enterprise fund(s), Special Funds, and Special Improvement District #1),” for the period commencing July 1, 2010 and ending June 30, 2011

Manager Warnke proposed that, instead of having the funds for the Water Tank Project split between the Fund Balance and the Impact Fees, it should probably all be shown as Impact Fees as it is an Impact Fee related project.

Motion by Councilmember Reese to adopt Resolution No. 11-03. Motion seconded by Councilmember Deakin. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

- c. Discussion and consideration of approving Resolution 11-04 reaffirming, amending and enacting new fees and fines in a schedule entitled Tremonton City Consolidated Fees and Fines Schedule and Provision of the Collection of the Fees and also including an increase in garbage collection fees

Manager Warnke mentioned some of the changes involved:

1. Including a fee for material used in hazardous material cleanup proposed to be at cost plus one hundred percent.
2. Changing the definition of “Identical Plans” following State Statute
3. Including an Ambulance Stand-by Fee of \$100 per hour in both the Ambulance and Fire protection sections.
4. An increase of Garbage Collection Fees in the amount of \$0.50 per month per user with \$0.35 being attributed to an increase in tipping fees at the landfill, and \$0.15 going toward covering some of the direct administrative costs to the City associated with garbage cans. It does not set aside any funds for the replacement of garbage cans which is the City’s responsibility.

The way the City treats Fire Department calls to communities who do not have an agreement with Tremonton is another issue Manager Warnke feels is deserving of discussion by the Council.

Councilmember Deakin applauded the direction the Staff is going in trying to use fees as the source of income for the City. As much as possible, if the City can apply a fee to an actual service, the person receiving the service should pay the

fee. He also recognized all of the time and work involved in coming up with the fee schedules. One area that he said is causing him some hesitation is, if the Council were to approve the fee schedule as it stands, it will generate more revenue for the City than was received last year. It has only been a few months since the Council approved, for the first time in twenty-five years, a rate other than the Certified Tax Rate.

Councilmember Deakin stated that, if this were a revenue neutral proposal; if he felt these increases in revenue were compensated by adjustments in the Property Tax amounts, then, he would fully support it. However, if it is a revenue increasing tactic, he would not be comfortable with it as the Council just increased revenues a few months ago in the form of property taxes, and the City is in the strongest financial position it has been in for years.

Councilmember Wood commented that the property tax increase was almost nil. It didn't amount to anything. His only problem with the fee schedule is that he hasn't had time to look at it. For that reason, he would like to table it. Councilmember Reese stated that he would hate to see people alarmed thinking they are going to receive a property tax increase because it is almost nothing.

Councilmember Holmgren stated that the Council just needs to feel certain that the fee increases are justified. He recognized that some, like the sewer fees and building inspection fees are running in the negative and need to be adjusted. He also felt that the Council still needs to take more time and go through it as part of the budgeting process.

Manager Warnke said that he didn't think, with the exception of the garbage collection, that the general public will even recognize there has been an increase. There are some fees that are included which the City has been charging but just were never included in the Fee Schedule. He did encourage the Council to take as much time as needed. Manager Warnke also noted that the City did very well the past year, but at the same time, the City put off a lot of expenses. Scheduled vehicles weren't purchased, and a lot of training and travel were cut. Training is important in that it brings a lot of value back to the City.

Director Roberts agreed that a lot of expenses were delayed. But, there is only so long that a City can continue to put off some of those things, such as training. Manager Warnke makes a valid point in assuring that the revenues are adequate to meet the needs of the City. Director Roberts has always advocated that a budget should be expenditure driven rather than revenue driven. After figuring out what the needs of the City are, then the Council looks at how they are going to fund it and determine if there are enough funds in place.

Director Roberts stated that Manager Warnke has done a great job in analyzing sanitation. It is an area that generates about \$18,000 per year over expenses, but when you look at what it takes to collect that \$18,000, the administrative costs really aren't being covered. As the City goes through the budgeting process, it

will be an opportunity to compare how revenue is comparing with expenses.

Director Roberts stated that his one concern about revenue neutral is that City's can't function with revenue neutral. Inflation happens. Last year, the CPI went up two and one-half percent. When the CPI goes up, the City's costs go up. Revenue neutral doesn't allow for any increase in expenditures. A business can not be run in an inflation based economy without increases. Businesses go out of business doing that. Director Roberts said he just read a report where fifteen cities are filing for bankruptcy this year because they didn't have good, solid management. Though the City did finish strong, let's make sure we evaluate the budget, evaluate the fee structure, and then go forward. The City has a great budgeting process. Let's make it work.

Councilmember Deakin stated that he agrees. If the City switches from a property base structure to a fee base structure there is a natural, built-in opportunity for growth potential because the fee base grows as the City grows.

Motion by Councilmember Reese to table Resolution 11-04. Motion seconded by Councilmembers Deakin. Manager Warnke pointed out that the tipping fee increased as of January 1st. Councilmember Deakin stated that he understood that fee needed to be increased. **Councilmember Reese restated his motion. Motion by Councilmember Reese to approve the tipping fee portion of Resolution 11-04 and table the rest.** Motion seconded by Councilmember Deakin. Manager Warnke asked for a point of clarification. The total proposed garbage fee increase was \$0.50. He asked if the motion includes the entire \$0.50. Councilmember Reese said that it did. The clarified motion was seconded by Councilmember Holmgren. Vote: Councilmember Deakin - aye, Councilmember Doutre, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

- d. Discussion and consideration of approving Ordinance No. 11-01 annexing 1.55 acres, more or less, of real property (Parcel Nos. 05-163-0004 and 05-163-0077) and classifying the property as Rural Residential District (RR-1) owned by Dan S. and Debra Chournos located within the areas defined in the Master Policy Declaration for future expansion by Tremonton City

Motion by Councilmember Reese to adopt Ordinance No. 11-01. Motion seconded by Councilmembers Doutre and Wood simultaneously. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

- e. Upon approval of Ordinance No. 11-01 by the City Council, discussion and consideration of approving Resolution 11-05 amending its Articles of Incorporation to add the Dan S. and Debra Chournos property (Tax ID Nos. 05-163-0004 and 05-163-0077) and authorizing Mayor Fridal to sign a letter of certification by the municipal legislative body that all necessary legal

requirements relating to the boundary change regarding the annexation of Dan S. and Debra Chournos have been completed

Motion by Councilmember Deakin to adopt Resolution No. 11-05. Motion seconded by Councilmember Reese. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

- f. Discussion and consideration of adopting Resolution No. 11-06 approving the Wastewater Planning Program Report for 2010

Director Fulgham informed the Council that this is an annual Wastewater report which has to be adopted every year by the City Council and, therefore, holds the City Council accountable for what happens in the City's Wastewater and Treatment Facility. It lists any deficiencies the facility has had during the year. Usually there are about four sewer plugs each year, but this year there were only three and two of them came at the end of December. The treatment facility is evaluated for BOD (Biological Oxygen Demand) and TSS (Total Suspended Saline) going in and out.

Motion by Councilmember Holmgren to adopt Resolution No. 11-06 approving the Wastewater Planning Program Report for 2010. Motion seconded by Councilmember Doutre. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

- g. Discussion and consideration of approving Resolution 11-07 adopting a Tremont City Water Conservation Plan update for 2011

Director Fulgham told the Council that in 1997 the Legislators adopted a policy which required all water systems that served more than 500 connections to adopt a Water Conservation Plan. Tremont adopted a Water Conservation Plan in 1999. Director Fulgham updated the document in 2005.

Between 1999 and 2005, Tremont had a reduction in water usage. Part of that is attributable to the fact that the water rate was raised from \$13 to \$15 per 1,000 gallons and the base rate was lowered from 15,000 gallons to 12,800 gallons. The only way to force conservation is through the pocketbook. Director Fulgham said he feels the only way conservation is going to be taught is through education to the young people. He provides classes on wastewater and water conservation at the various schools in the area.

The City use to have a goal of a one percent reduction in water usage per year. In ten years of meeting this goal, the City would have a surplus of water. From 2005 to 2010, water usage increased by twenty-five percent, but that is due to new

industry. Homeowner usage is comparable to the State average of 170 gallons per day per home. So, Tremonton is doing well. Director Fulgham and his Water Supervisor, Ed Quinn, serve as the State required Conservation Officers. The City does not have conservation police, which is good thing.

The State would like to see Tremonton's water rates based upon an inclining rate schedule which means the average rate per thousand gallons would go up as water usage goes up. Overall, Tremonton's Water Funds are doing well. Director Fulgham said he would always like to see an increase in funds as his goal is to build infrastructure for the future.

Councilmember Holmgren asked Director Fulgham what he thinks about the secondary water system. Director Fulgham replied that he totally believes in secondary water systems, but the current system costs the City money because it will never be expanded to grow big enough to generate a savings. The cost to put it throughout the City is just too great, and the pumps are not built to withstand all the grit, etc., that is within the secondary water supply.

Motion by Councilmember Wood to adopt Resolution 11-07 adopting a Tremonton City Water Conservation Plan update for 2011. Motion seconded by Councilmember Holmgren. Vote: Councilmember Deakin - aye, Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

7. Comments:

a. Administration/City Manager Advise and Consent

1) Budget session scheduled for January 25th at the Public Works Facility

Manager Warnke informed the Council that a Budget Session will be held on January 25th at 5:30 p.m. at the Public Works facility.

2) New Senior Center Bus

The City received the new twelve passenger bus. The City's portion of the cost was about \$10,000. The rest was paid for by grants.

b. Council Reports

1) Utah League of Cities and Towns Spring Conference

All of the Council will be attending the League of Cities and Towns Spring Conference.

Councilmember Wood reported that the Youth Council will be going to Officials Day at the Legislature on January 26th. They will be taking the Senior Center Bus.

Mayor Fridal expressed his appreciation for Curtis, Shawn, Paul, the City Council and the City Staff for all they do. He told the youth that were present that the City is in good hands and they should be proud of those who work for the City. They are thrifty, good people and it is an honor to work with them.

8. Public comments: Comments limited to three minutes.

Director Fulgham commented that the City received a violation from the State two or three years ago for a sewer issue. Part of the penalty was to pay a \$500 fine and spend \$3,000 on a mitigation project. The City decided to do a training course for the mitigation project. It will be held this Thursday, 12:00 noon, at the Treatment Facility. About fifty different agencies have been invited and training manuals will be provided. The City Council was invited to attend. A meal will be provided. The cost of the fine will be passed on to those who caused the problem.

9. **Closed session for a strategy session to discuss the purchase, exchange, or lease of real property.**

This Agenda Item was canceled.

10. Adjournment.

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

The meeting adjourned at 8:21 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 prepared by Norene Rawlings.

Dated this _____ day of _____, 2011.

Darlene S. Hess, Recorder