

**ELK RIDGE
CITY COUNCIL MEETING
December 14, 2010**

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5 TIME & PLACE
6 OF MEETING

This Regularly Scheduled Meeting of the Elk Ridge City Council, was scheduled for Tuesday, December 14, 2010, at 7:00 PM; this was preceded by a City Council Work Session at 6:00 PM.

The meetings were held at the Elk Ridge City Hall, 80 East Park Drive, Elk Ridge, Utah.

Notice of the time, place and Agenda as well as an Amended Agenda of these Meetings were provided to the Payson Chronicle, 145 E Utah Ave, Payson, UT, and to the members of the Governing Body, on July 22, 2010.

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12 **6:00 PM –**

CITY COUNCIL WORK SESSION AGENDA:

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14 ROLL

Mayor: Kenneth O. Lutes; *City Council:* Sean Roylance, Weston Youd, Derrek Johnson & Erin Clawson (Absent: Julie Haskell); *Building Official:* Corbett Stephens; *Sheriff:* Deputy Brent Butters; *Fire Chief:* Seth Waite; *Public:* Lindsey Merritt (Jordan Credit Union); Dairrel Gardner & Diana Hampton (Spectra Management);
Saysha & Angella Bennett, Kelee Malan, Christina Thomas, Devin Muhlestein, June Apau-Lane, Alicia Money & Shelby Lane; and the *City Recorder:* Janice H. Davis.

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21 AUDIT PRESENTATION
22 2009/2010 FISCAL YEAR

Curtis Roberts: He introduced Mike Kidman (Audit Partner for Jones Simkins). Bound copies of the financial statements were provided for review with the City Council.

Mike Kidman: They felt the audit went well and Mr. Kidman expressed his appreciation to have Elk Ridge as clients.

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25 *Review:*

- Opinions: (Pgs 1 & 2) "Independent Auditors' Report" : This is independent of any work or opinions of the Finance Director and it states if the figures are materially correct, that they have been audited in accordance with proper standards. This would also be the area where any "out of place" issues would be listed; there were none and they have rendered what they consider to be a "clean opinion" on the City's financial statements.

- MD&A "Management Discussion & Analysis" (addressed later by Mr. Roberts): As Mr. Kidman said, "This is the section you read if you are not going to read the other stuff"...it is written by Mr. Roberts in terms that are easier to understand. It is a condensed version of what went on in the City in 2009/2010.

Basic Financial Statements: (Addressed by Mr. Roberts later in the meeting)

- (Pg 69 & 70) "Independent Auditor's Report on Internal Control over Financial Reporting & on Compliance & Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards":

Government audits have more standards attached to them than a regular business type audit. The government auditing standards dictate that an audit must be performed on internal controls and compliance issues...relative to things that could have a direct and material affect on the City's financial statements.

Jones Simkins has applied the required tests and came up with *no material findings* in either "internal controls" or "compliance". That is what the City is looking for.

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- (Pgs 73 & 74) "Report on Compliance with State Legal Compliance Requirements"

There are specific auditing procedures to be followed regarding State money coming to the City. This list grows every year. There were no material findings in this area. There was one minor issue where the expenditures in the Storm Drainage Fund was over about \$100 due to a miscalculation in the "Depreciation" account. "This is very unusual...I will just remind you; that is not the case for most of the governmental entities...most of the cities that are smaller would have a number of findings; especially in the area of internal control...that is what you would expect to see. Yours is a little unusual; and that is in part in having done a good job designing what goes on here...and then by having Curtis (Roberts) work with you...he fills some holes you can't fill unless you have someone with that level of knowledge...doing...and splitting up what gets done between him and the other people that work here. That works in your favor relative to our "internal control" opinions." Mr. Kidman mentioned that it is even considered a "finding" if someone in the City does not have the expertise to prepare the financial statements...he said it is not a very realistic expectation, because most small cities don't have access to those kinds of resources, but it is an expectation nonetheless.

Elk Ridge does not have that problem.

Jones Simkins issues a letter called the "Management Letter" summarizing findings.

- If there were policies in place that the auditors did not agree with, those things would also be mentioned...no findings in this area.
- Estimates: No financial report can be perfect to the dollar...there are always estimates. Staff must simply use their best judgment. They review these to see if the estimates are "reasonable"...they found the estimates to be reasonable.
- There were no difficulties in performing the audit.
- Were journal entries (adjustments) made to the figures presented? There are seldom any journal entries. (Mr. Kidman again commented that this is pretty unusual.)
- There were no disagreements with Management.
- Management Representation: That all the books presented were complete; with nothing hidden.
- The City is not working with any other Independent Accountants.

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72 *Internal Control:*

There were 2 minor findings:

1. The slight overage in the "depreciation" account in the Storm Drain Fund.

2. There are new laws in reporting Fund Balance that shall be applied in the next audit that the City must address before that time.

11:28

Mr. Kidman summarized: "Very good...very clean...we very much like to do your work..."
The Mayor and Mr. Roberts complimented the staff for the good work they do...the Mayor and Council expressed their appreciation to them and to Curtis Roberts, as well.

12:06

Curtis Roberts: The financials are a result of a team effort and each does his/her part.

Review of Audit Figures:

- (Pg 18) Review of "enterprise Funds"...specifically the "Operating Income/Loss" number:
Water Fund - +\$79,607

"Rate of Return" is at about 1.7% (about 6% is the goal). This will be monitored.

Sewer Fund – Loss of \$3,249

This loss is a bit concerning. The costs paid out to Payson and to Salem are using up much of the revenue generated by the fees charged to residents. Those fees need to be looked at and an increase considered and/or expenses decreased. Repairs must be planned for.

Mayor Lutes interjected that the rates to Payson just went up from \$22/month to \$22.88/month; which will add to the problem.

15:06

- (Pg 53) "Non-Major Fund" (Capitol Projects Funds, Special Revenue Funds)

- Parks: Cash Balance – 87,114
- Reserved (Impact Fees) – 80,560 – About \$35,000 of those impact fees will need to be spent by 2012 on park facilities. The Council should be prioritizing possible projects.

- (Pg 15) "General Fund" -

- Debt Service – This shows the pay-back and restructuring of the Sale Tax Revenue Bond during the last year; this resulted in lower debt payments going forward into the current fiscal year.
- There was fund balance transferred over to the Capital Projects Fund (Future Improvements); which brings that total to about \$512,969. Mr. Roberts counseled to choose the projects wisely since this is considered meeting capital needs on a "one time" basis.

Overall, the City's finances were reported efficiently and some money was set aside for improvements (roads, perhaps).

Mr. Roberts took some time to review the up-coming GASB 54...new accounting regulations regarding fund balance and how it is reported.

19:25

Two Main Issues:

1. (Pg 13) "Reserved & Unreserved":

GASB 54 will change this section to "Non-spendable Items", "Committed", "Assigned" & "Unassigned"
This reclassifies how the equity presentation is done.

- "Assigned" is going to have a very specific meaning: it will basically be amounts set aside for specific projects in the future...or even in the upcoming year (any time after June 30).
 - Key Issue: The Council needs to decide who will be authorized to say what is assigned; this becomes important when the financial statements are being prepared. It is usually not known how much is available for assignment until the financials are getting ready to close out for the fiscal year. If that assignment needs to then go back to the Council for projects to be assigned, it could be lengthy and that can be problematic. Many cities are designating someone (Mayor, Finance Director, etc.) to recommend what is assigned and to present those assignments as part of the financial statements. If the Council has a difference of opinion; later in the year, those assignments can be reallocated back out and reassigned. The assignments come from discussion before hand; and are not legally binding...it is just an idea of how the money would be used.
2. The Fire Fund needs to be re-analyzed: Special Revenue Funds are to be re-classified and re-defined. There is not a "significant" source of revenue (besides the General Fund). Mr. Roberts is trying to find a way to keep the presentation in the budget format as a Special Revenue Fund. He said that it may stay in our books as a separate fund; but be drafted a part of the General Fund.

Mayor Lutes asked about the newer version of Caselle ("Clarity").

Mr. Roberts answered that the Clarity version of Caselle will address the "Transparency Act; which is a full disclosure of city business out on the State's web-site. He feels this will generate more uniform criticism of city spending. The newer Clarity version of Caselle will facilitate this process, as well as add many upgraded features to the existing Caselle program. By May 15, 2011, reporting will begin to meet the requirements; the reporting is to be done in a particular way.

Mike Kidman: He added that he feels that Elk Ridge is in better financial shape than most other cities. He felt the audit report reflects good management of the City.

Erin Clawson: She commented on the possible need to re-visit the Storm Drain Fee and the Sewer Fee.

29:20

Mike Kidman: He agreed that though initially a bit "painful", it is best to be prepared and to be able to deal with infrastructure maintenance and upgrades. Long-term thinking is necessary, even if it would be another Council that would deal with the issues.

There were no further questions.

EMPLOYEE
INSURANCE RENEWAL

Spectra Management Presentation: The City Recorder introduced Darriel Gardner & Diana Hampton; both present as representatives of Spectra Management. They have taken Utah Local Governments Trust's place as the City's broker/agent and representative to PEHP (or any health insurance carrier the City would choose to go with).

The proposal to be the City's broker included the promise to be more proactive in comparisons with other insurance carriers and to assist in guiding the City in the best options available. The bound copy of comparisons made available for the Council's review, was provided and the two representatives were there to go over these with the Council and answer any questions.

Spectra Management does not represent any particular carrier; they work in behalf of the City...to determine and recommend the best options available for the City. It was stated that the "proactive promise that was such a selling point has become a reality".

Dairrel Gardner: They looked at PEHP as well as other insurance companies to see if they might be considered appropriate options.

The Health Care Reform Act took effect on September 23, 2010 and actually impacted rates this year because the insurance companies had to go out and project what their costs might be moving forward into 2011 and beyond. The provisions of the Act "roll out" over a 6-year period of time; so we won't see it all up front; but there are certain types of things we do see:

- Starting immediately in 2010, the age for pre-existing conditions was taken from below 19 (years of age): they can no longer say they will enact pre-existing conditions rules. The insurance companies basically have to take the child (under 19) whether there are pre-existing conditions or not.
- Someone under the age of 26 can stay on the parents' health plan...even if they get married. These things cost the insurance companies money.

As we get into 2011 with renewals:

- No life-time maximums. Insurance companies now have to deal with probable increased costs based on life time coverage.
- Annual maximums: Though there are limits on them, those change yearly until eventually being eliminated. Changes implemented by the State have also caused the insurance companies to review their rates.

Over all, among the various insurance companies, approximately 3.5% of increases this year are related to their projections of what their additional costs will be.

Mr. Gardner discussed "trend"; which is all the different impacts that cause medical rates to go up. This year, "trend" was about 9% to 12%. This would cause an expectation of about a 15% increase.

Comparisons (Based on "Base Rate"):

- PEHP: over-all increase of 6.6% (Compared to others, they feel this is a "very moderate" increase) - Summit 3
- Altius: 15.9%
- Selecthealth: 14.3%
- Blue Cross/Blue Shield: 36.4%
- United Healthcare:49.8%
- Humana: 17.5%

Typically one would fall somewhere between the Base Rate and the Maximum Rate.

Recommendation:

They could tell almost immediately that it does not make any sense to even consider other carriers, since they feel PEHP is "still the best bet". This is the case for many small cities.

39:31

They also looked at reducing the rates within PEHP:

- "Qualified High Deductible Plan": (Brief history/explanation) The high deductible health plan is linked with a health savings account; most of the time the employer takes the savings they may see in the beginning with a lower premium on a high deductible health plan and put that into a bank for the employee, whereby some of the expenses can be paid. In turn, the co-pays go away...the patient literally pays 100% of the cost upfront...the bank account is to help them do that. They recommend that there needs to be a variance of about 30% between a standard plan and a high deductible health plan...or it either starts to cost the employer or the employee too much on out-of-pocket expenses.

With everything figured in, the result would be a "true" increase of about 18%. They did not see that as a good option.

Recommendation:

Stay with the current plan: Summit Option 3

Dental Plan:

Compared PEHP, Slecthealth Dental, Humana Dental, Regence

- Employee (only) the increase with PEHP is at about 5%.
- Humana Dental was a bit below (employee only)
- With the other levels (employee + spouse, employee + family, etc) and the associated rates, all of the other plans increase significantly over and above the rates with PEHP.

Recommendation:

Stay with PEHP Dental – Preferred Plan

Mr. Gardner asked for questions/comments; there were no questions. Appreciation was expressed for the well-prepared presentation and professionalism displayed with the comparisons and recommendations.

Weston Youd: He felt that a 6% increase in the current financial environment is pretty good. Council Member Clawson agreed.

46:31

Break until Regular Session.

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5 **December 14, 2010**

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11 Notice of the time, place and Agenda as well as an Amended Agenda of these Meetings were provided to the
12 Payson Chronicle, 145 E Utah Ave, Payson, UT, and to the members of the Governing Body, on July 22,
13 2010.

14
15 **7:00 PM –**

CITY COUNCIL REGULAR SESSION AGENDA ITEMS:

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17 ROLL

Mayor: Kenneth O. Lutes; *City Council:* Sean Roylance, Weston Youd, Derrek Johnson & Erin Clawson (Absent: Julie Haskell); *Building Official:* Corbett Stephens; *Sheriff:* Deputy Brent Butters; *Fire Chief:* Seth Waite; *Public:* Lindsey Merritt (Jordan Credit Union; Dairrel Gardner & Diana Hampton (Spectra Management); Saysha & Angella Bennett, Kelee Malan, Christina Thomas, Devin Muhlestein, June Apau-Lane, Alicia Money & Shelby Lane; and the *City Recorder:* Janice H. Davis.

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23 OPENING REMARKS
24 PLEDGE OF
25 ALLEGIANCE

An invocation was offered by Council Member Erin Clawson; and Fire Chief Seth Waite led those present in & the Pledge of Allegiance, for those willing to participate.

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27 AGENDA TIME
28 FRAME

The Regular Session started at the advertised time of 7:00 PM.

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30 PUBLIC FORUM

There were no comments.

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32 ACTION ON
33 WORK SESSION
34 ITEMS

1. 2009/2010 Fiscal Year Audit:
No further comments.
ERIN CLAWSON MOVED, SECONDED BY SEAN ROYLANCE, TO ACCEPT THE ANNUAL AUDIT PERFORMED ON THE 2009/2010 FISCAL YEAR, BY JONES SIMKINS, LLC, AS PRESENTED VOTE: YES (4) NO (0) ABSENT (1) JULIE HASKELL

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37 57:55

2. Employee Insurance Renewal:
Weston Youd: He felt the groups presenting information were as clear as could be.
Sean Roylance: He was very please as compared to past years. Without former Council Member Nelson, they would have been "in trouble".
Erin Clawson: She agreed with the other Council Members.
WESTON YOUD MOVED, SECONDED BY ERIN CLAWSON, TO APPROVE THE RENEWAL OF THE CURRENT EMPLOYEE HEALTH INSURANCE WITH PEHP (SUMMIT – OPTION 3); AND WITH PEHP DENTAL INSURANCE (PREFERRED PLAN) VOTE: YES (4) NO (0) ABSENT (1) JULIE HASKELL

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48 OAK BRUSH COVE –
49 RESCIND PRELIMINARY
50 & FINAL APPROVALS

This item was postponed due to illness of one of the property owners.

51 59:19
52 SCHEDULE PUBLIC
53 HEARINGS – DEFAULT

1. Elk Ridge Meadows PUD, Phase 1:
Memo from Corbett Stephens, dated 12-8-2010:
"The previous action for this subdivision required that the 1" overlay be completed "prior to the end of the 2010 asphalt season". As of yet, the overlay has not been completed. An attempt was made on our part to facilitate completion of this requirement, by organizing all asphalt work needing to be done, both on the part of developers and the City, yet this developer was unable to meet the requirements of doing the work through the City.
On October 25th, 2007 the developer was granted an extension allowing until December 27th, 2007 to complete all required work. On the 8th of May 2008 the development was accepted and placed into durability, retroactive to the 2nd of May, 2008. The durability was extended to expire in April of 2010, allowing the developer to finish the required overlay "prior to the end of the 2010 asphalt season."
I recommend beginning the default process by holding the required public hearing, thus still giving the developer the chance to finish this requirement of the development agreement and meeting any other obligations. In the event he does not, the City will be in the position to use the required bond to complete this work ourselves."
He felt that starting the default process now would be preferable to waiting to see if the overlay is completed in a timely manner. He recommended going forward to schedule the Public Hearing. "This is a wake-up call" to the developer."

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3 City Recorder: Typically, in the past, the City has scheduled the public hearing, invited the developer to be
4 present to offer any solution and a time frame to have the work completed; then the Council can grant that
5 requested or required extension and say that, should the work not be completed, then the developer would be
6 considered "in default". This eliminates the necessity of the issue coming back before the Council at that time.
7 The extension should take into consideration that, with this development, the overlay would need to be done
8 when the weather warms up enough.

9 **WESTON YOUD MOVED, SECONDED BY SEAN ROYLANCE, TO SCHEDULE A PUBLIC HEARING ON**
10 **JANUARY 11, 2011; AT 6:00 PM; TO CONSIDER THE DEVELOPER OF THE ELK RIDGE MEADOWS**
11 **PUD, PHASE 1, IN DEFAULT**

12 **VOTE: YES (4) NO (0) ABSENT (1) JULIE HASKELL**

14 2. *Oak Hill Estates, Plat D – Discussion and Possible Approval of Adjusted Re-vegetation Plan:*

15 "I have previously inspected and recommended release of this development with approvals from Mr. Dave
16 Hanson. Mr. Hanson recommended that a field inspector review the re-seeding of the terraced walls. On the
17 9th of November Mr. Lowell Gardener, Range Conservationist with the USDA Natural Resources Conservation
18 Service, inspected the terraced walls and the associated re-seeding that was done. Mr. Gardener's letter
19 addresses concerns of the performance of the work. I retract my previous recommendation until these
20 concerns are addressed.

21 Mr. Yergensen, the original developer, is currently taking care of other business and unable to
22 address these issues, Mr. Lindsey Merritt, Jordan Credit Union, the current owner, is willing and ready to
23 remedy the concerns to the satisfaction of the City.

24 In light of the situation I recommend setting a public hearing to start the default process, in the event
25 that all issues are not taken care of appropriately. In the event that all issues are resolved, no further action will
26 be needed."

27 *(Photos of the wall were included.)*

28 Lowell Gardner (Range Conservationist for National Conservation Resource Services) has been out to inspect
29 the site and has recommended actions that need to take place. Lindsey Merritt, Jordan Credit Union, has
30 taken over from RL Yergensen as the owner/developer.

31 Mr. Merritt: He explained that they provided the original financing for the Project. About 14 months ago, Mr.
32 Yergensen said he would not be able to re-pay the loan and asked that they take back the lots in Plat D (Lots
33 1, 2, 5, 6, 7, & 8) and arrange a "deed-in-lieu"...which they agreed to. As part of this deal, they inherited about
34 4 other lots south of this project. There were some title work issues that came up and for various reasons; that
35 took about 6 months longer than it was supposed to. They want to finish the Project so they can sell the lots.
36 He said that Mr. Stephens has been "great to work with" in assisting him in understanding what needs to be
37 done.

38 He knows they were behind schedules from the time they took over; they have already hired a landscaper to
39 assist. They are up against bad weather. If the changes in the re-vegetation plan are accepted by the Council,
40 they hoped to begin before the end of the week, weather pending.

41 Corbett Stephens: He reviewed that Jordan Credit Union holds the bonds for the Project (he asked Mr. Merritt
42 to correct him if he was wrong). The Mayor, Lowell Gardner, Wasatch Landscaping and Mr. Stephens all met
43 on site the day before the Meeting and Mr. Gardner went through the details of his recommendations with
44 Wasatch Landscaping in order for them to provide an estimate to Jordan Credit Union. His
45 recommendations are different than the original plan due to the time of year and the results of what was done
46 in the past. Mr. Gardner feels this is the best time of year to get the seed in and allow time to germinate; then
47 in early spring the seed has a head-start.

48 *Mayor Lutes suggested waiting for more explanation until Mr. Gardner arrived at the Meeting. He suggested*
49 *moving forward with scheduling the public hearing.*

50 **WESTON YOUD MOVED, SECONDED BY SEAN ROYLANCE, TO SCHEDULE A PUBLIC HEARING FOR**
51 **JANUARY 11, 2011, AT 6:30 PM; TO CONSIDER THE DEVELOPER OF OSK HILL ESTATES, PLAT D,**
52 **SUBDIVISION IN DEFAULT**

53 **VOTE: YES (4) NO (0) ABSENT (1) JULIE HASKELL**

55 SUBDIVISIONS –
56 RELEASE FROM
57 DURABILITY
58 RETAINERS

59 1. *Kimber Estates:*

60 *(Memo from Corbett Stephens, dated 12-8-2010)*

61 "The final inspection for the above referenced subdivision has been held and the developer has satisfactorily
62 completed all of the required items. The required 1 year durability period has expired. There are no
63 outstanding issues required of the developer."

64 The recommendation was for "final acceptance of the subdivision and release all of the remaining funds upon
65 final payment of engineering and inspection fees".

66 LEI's letter, dated 12-10-2010, recommending that the bond be released accompanied Mr. Stephens' letter.

67 **ERIN CLAWSON MOVED, SECONDED BY WESTON YOUD, TO APPROVE FINAL ACCEPTANCE OF**
68 **KIMBER ESTATES SUBDIVISION; AND TO RELEASE THE REMAINING FUNDS IN THE BOND, UPON**
69 **FINAL PAYMENT OF ENGINEERING AND INSPECTION FEES**

70 **VOTE: YES (4) NO (0) ABSENT (1) JULIE HASKELL**

1:14:22

2. Ridge View Meadows Subdivision:

(Memo from Corbett Stephens, dated 12-8-2010)

“The final inspection for the above referenced subdivision has been held and the developer has satisfactorily completed all of the required items. The required 1 year durability period has expired. There are no outstanding issues required of the developer.”

The recommendation was for “final acceptance of the subdivision and release all of the remaining funds upon final payment of engineering and inspection fees”.

LEI’s letter, dated 12-10-2010, recommending that the bond be released accompanied Mr. Stephens’ letter. The only “improvements” done by the developer was to reroute the sewer line from going around the old lagoon and through the old metering station; now the line goes straight down between lots 1 & 2.

WESTON YOUND MOVED, SECONDED BY ERIN CLAWSON, TO APPROVE FINAL ACCEPTANCE OF KIMBER ESTATES SUBDIVISION; AND TO RELEASE THE REMAINING FUNDS IN THE BOND, UPON FINAL PAYMENT OF ENGINEERING AND INSPECTION FEES

VOTE: YES (4) NO (0) ABSENT (1) JULIE HASKELL

1:16:01

SUVMWA TECHNICAL COMMITTEE – DISCUSSION

Weston Youd: (Review of the issue)

He explained that ways are being explored in which water could be used more efficiently. The cities in the north part of Utah County have conducted a study regarding creation of a “water bank”. This is referred to as a “ground water re-charge study”. There is a group that wants to do the same type of study for southern Utah County. SUVMWA has approved the advancement of that study. They want to form a “technical committee” to review the proposals and the approaches taken in the study and add insight and input. Bruce Ward (Salem City) is leading the technical committee and he is asking for representation from each city to assist.

The plan is: instead of having water pass through down through Utah Lake and Jordan River to Salt Lake County, they would put in a sort of “percolating pond” or pond that would re-charge the aquifer and it would go back into ground water. The water flow would be routed into these “reservoirs” or ponds...which would then feed the aquifer.

Elk Ridge relies on well water coming from aquifers; whatever can be done to stabilize that source of water is the goal.

In speaking to the Mayor, it was agreed that Mr. Stephens is pretty busy with his duties in the City. Council Member Youd will try to get the technical information and relay that information to Mr. Stephens...Council Member Youd will continue to work with his normal duties in SUVMWA. He feels the proposed study will be beneficial to all.

The Mayor expressed his appreciation for the information Council Member Youd had gathered.

1:19:59

OAK HILL ESTATES, PLAT D – RE-VEGETATION PLAN (CONT.)

(Mr. Gardner arrived and Mayor Lutes directed the discussion back to the matter of the proposed re-vegetation plan for Plat D.)

Lowell Gardner: (USDA)

Mr. Stephens summarized the past discussion for Mr. Gardner.

Mr. Gardner: He spoke of his recommendations and why he is recommending a change from the original plan: (A handout was provided for the Council: “Critical Area Planting Specification Sheet”...outlining his plan to re-vegetate.)

Reason for proposed changes to original plan:

For some reason the original section of wall was seeded and the seed did not “take”...was not established. About the only vegetation growing there are some annual grasses and some species of weeds...and the root system is very shallow. This gives little or no stability to the wall.

On the newer section of wall...the part that was re-seeded...it looks good; the seeding “took “. When they were up there looking at the site, they found a weed barrier that was put down. He dug around and that only stretches out back behind the rocks about 10 – 12 inches.

The older section of wall is the only section being addressed.

He has been talking with Wasatch Landscape and he gave his opinion as to what could have occurred: Many times when rock walls are constructed, the barriers will be placed so the soil will not be washed out from between the rocks as much...it helps hold the soil.

This plan is revised slightly in the types of grass species (narrowed to 3 species). He hopes that the deeper root system will help stabilize the area.

1:24:49

He added sagebrush even though Elk Ridge did purchase some and planted it; it was the wrong species and did not grow.

He mentioned in his plan how important it is to establish a weed-free seedbed. He plans on trying a couple of different methods to ensure the seedbed is free of weeds:

- blow torch off the existing vegetation
- hand pull the existing vegetation and rake off the soil to bury the new seedlings
- wait until spring and spray the existing vegetation with a herbicide (round-up, etc.) and let it die and seed later.

Council Member Johnson cautioned that hand-pulling could result in the competing grasses coming up with the vegetation that is trying to grow.

Mr. Gardner is not completely sure which method they are going to implement. He has been asked to over-see the work.

It should be expected that in the first year, there will be weeds mixed in with the annual grasses; that will need to be controlled during that 1st year. The control is accomplished with herbicides, hand pulling early in the season before the weeds get very big.

Council Member Johnson asked if the Credit Union is willing to do that. The response was that they did not want to do any of it; but are willing to do what it takes.

2 Mr. Gardner continued: though this is the best time of year to plant the seeds; it is dependant on the amount of
3 snow they would have to deal with; it may be that it will be necessary to wait.

4 The area to be re-vegetated is about 200' per terrace.

5 Spring seeding does lower the chances of success on a more natural area like this where there is not irrigation
6 water to put on it. The disadvantage in the winter is to clear away what is there.

7 Mayor Lutes: He cautioned that the weather forecast calls for a great deal of snow within the next few days.

8 Mr. Gardner: He explained the need for long-term weed control. There is also the possibility of doing some
9 hydro-seeding; that could help get the seed established in the spring. He does not have much experience with
10 this method. Who would be responsible for long-term weed control? (*Ultimately the property owners.*)

11 Corbett Stephens: He advised that the City take care to not make the recommendation to the developer. If
12 they want to take the recommendation of the USDA and that is the professional opinion...if it works, the City
13 can accept it...if it does not work, the City does not have to accept it.

14 It comes down to if the Council is willing to approve a change in the plan from the original. Whatever the
15 outcome, the developer has to guarantee success.

16 **DERREK JOHNSON MOVED, SECONDED BY ERIN CLAWSON, TO APPROVE THE PROPOSED
17 CHANGES IN THE RE-VEGETATION PLAN FOR THE ROCK WALL, AS PRESENTED, FOR THE OAK
18 HILL ESTATES, PLAT D SUBDIVISION**

19 **VOTE: YES (4) NO (0) ABSENT (1) JULIE HASKELL**

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23 1:47:12

24 RESOLUTION:
25 MOUNTAINLAND
26 ASSOC. OF GOV. –
27 PRE-DISASTER
28 HAZARD MITIGATION
29 PLAN – 2010

City Recorder: She did contact Mr. Bob Allen (MAG) and he said that adopting this proposed resolution would
allow the City to:

A. Apply for FEMA Grants for Pre-disaster mitigation (this is the main focus) at ...75%/25% matching funds;
with the City at 25%

B. Post-disaster funds are available to all...to a point; but, according to Mr. Allen, the City would be able to get
more of the funding.

The Recorder asked Mr. Allen if there would be any fees associated wit this arrangement and he replied that
there would not be...only the portion of matching funds, should the City apply for a grant.

The Mayor felt there were no reasons not to pass the resolution and it could place the City in a better position
if a FEMA grant were applied for.

There was no further discussion.

30 **WESTON YOUD MOVED, SECONDED BY SEAN ROYLANCE, TO APPROVE THE MOUNTAINLAND
31 ASSOCIATION OF GOVERNMENTS PRE-DISASTER HAZARD MITIGATION PLAN FOR 2010**

32 **VOTE: YES (4) NO (0) ABSENT (1) JULIE HASKELL**

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38 1:49:19

39 SEWER CONNECTION
40 PAYMENTS TO
41 PAYSON – INCREASE –
42 UPDATE

City Recorder: The sewer payment to Payson City increased from \$22.00/connection to \$22.88/connection per
month. As a result of this, Mr. Roberts pointed out that the City will likely have to consider an increase in the
sewer rates.

43 1:50:35

44 EXPENDITURES:

General: None

A. *Check Registers and Payroll for November, 2010:*

45 **ERIN CLAWSON MOVED, SECONDED BY DERREK JOHNSON, TO APPROVE THE CHECK REGISTERS
46 AND PAYROLL REGISTER FOR NOVEMBER, 2010**

47 **VOTE: YES (4) NO (0) ABSENT (1) JULIE HASKELL**

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50 B. *Loafer Canyon Well Repairs:*

Corbett Stephens: He updated the Council that over Thanksgiving there were problems with the Well:

51 "The Well died; it wouldn't run." He explained the single phase power with a phase converter. The Mayor and
52 he went to the booster pump at Oak Lane and discovered that someone had turned off the power and ice was
53 on the outside of the building and the meter froze and it broke. He made phone calls at 10:00 PM for
54 assistance and to get the necessary parts to repair it. It was repaired and flushed out...turned it on to start
55 pumping water from the Hillside Tank to the top Tank. The new booster pump pushes the water from the
56 Fairway Tank to the Hillside Tank. About 2:00 AM (Thanksgiving) it all seemed okay. The next day they went
57 back up to the Loafer Well to see if they could get the generator running. With dead batteries jumped, it started
58 up but would not pump water and kept "tripping out". They called Widdison Turbine and they actually
59 answered and told them what to look for to repair it. He explained how they got it to pump water. Thursday
60 night the generator was turned off because the tanks were full; then on Saturday, the generator was turned
61 back on...it ran for about 10 hours. On the following Monday, the generator would not work.

They have been working on it with problems:

- 62 - It has a 1973 manufacturer's date on it.
- 63 - It is a military generator...everything is different on it...not much is standard
- 64 - It has been brought down to the shop here at the City Offices to be able to work on it...the Mayor
65 downloaded a manual.
- 66 - It was leaking a lot of oil
- 67 - They located a mechanic that works on military generators...it was transported up to Slat Lake to their
68 shop
- 69 - He spoke to the mechanic that day and there does not seem to be anything wrong with the
70 generator...even loaded to capacity. He thinks there is something wrong with the pump.

- We are limited as to the amount of power we can get out of the generator...
Explanation of power to the generator and the Well and what was done to test the converter. He still thinks there is something wrong with the generator; but the Well is working right then.
The mechanic feels the pump is old and needs to be replaced.

He further explained that since January, 2010 (when the Cloward Well was basically turned off and we started using the Loafer Well as the primary source)...the Cloward Well was only turned on when absolutely necessary. The result has been a savings in this calendar year of over \$25,000 in electricity; compared to last year's billing.

If we could turn off the Cloward Well and get more water out of the Loafer Well; the City could easily save another \$10,000 to \$13,000 in a year; on top of what we saved this year. Last year, the total bill to SESD was over \$65,000...if we could save another \$13,000, we would cut our power consumption in half. To do it, the City would have to spend some money. Something is still not right with the Loafer Canyon Well.

Verbally, Widdison Turbine has said they could pull the pump, inspect it, install a bigger pump and a bigger, more efficient motor in the Well, a VFD that would allow a "soft-start" (better for everything for many reasons)...

He was asked about when the City would get a firm bid from them...the Council has been waiting for that information.

Mr. Stephens continued: He did contact Nickerson's...they say they can only get 700 gpm for \$32,000. They did not do the original testing on the Well...Widdison did. Widdison says they can get 900 gpm with a 75 horse motor (only 50 horse now). 811 gpm would cover the City's peak demand over the last 5 years...anything over 811 gpm could be revenue. 900 gpm costs more to get; but can save more in power.

Widdison says \$55,000 + to get 900 gpm.

Sean Roylance: In 4 or 5 years, it would pay for itself in energy savings.

Weston Youd: The City would also gain a better primary water source.

Corbett Stephens: There is a pump and motor in the Well house; they are 16 years old but have not been used and could be sold. Originally, the Well tested at 1,102 gal. per minute (gpm). At the time, the State would only allow a percentage of that test amount to be pumped; that has changed to allow any amount under the test amount...that would have to be approved by the State through the engineers.

Sean Roylance: He asked about installing 3 phase power to the Well.

Corbett Stephens: The estimate from Duane Curtis (SESD) to get 3 phase power up there would cost about \$180,000. I development takes place in Loafer Canyon, the developers will bring 3 phase power...let them run the power. Right now a phase converter will work.

2:09:24

We still need a formal proposal on paper from Widdison; there has been a bit of miscommunication and has held that up. He felt that he may not get the job.

Mayor Lutes: He was impressed that Widdison was not only reachable, but was willing to help them over Thanksgiving. He was right on in his advice and was generous with his time...even over a holiday. He felt it would take about two weeks to install everything. This would be a good time of year to have to resort to using the Cloward Well.

The biggest concern he has is that the Well may not continue to work and if the City has to use the Cloward Well too much, that is more power used.

He asked if it would be feasible for the Council to approve up to a certain amount to get going.

2:15:54

WESTON YOUD MOVED, SECONDED BY ERIN CLAWSON, TO APPROVE FUNDS TO REPAIR THE LOFER CANYON WELL, AS DISCUSSED; NOT TO EXCEED \$60,000...USING WATER IMPACT FEES REIMBURSEMENT TO THE CITY AS MUCH AS POSSIBLE

Discussion:

Mr. Stephens explained further about phase converters.

VOTE (POLLED): WESTON YOUD-AYE, ERIN CLAWSON-AYE, DERREK JOHNSON-AYE & SEAN ROYLANCE-AYE (4) NAY (0) ABSENT (1) JULIE HASKELL

C Track Kit Purchase – Ratify Polled Vote:

Mayor Lutes: He reported that the tracks were installed and used that day. The polled vote was appreciated. He mentioned that Council Member Youd expressed some concerns about selling the snow mobile. After consideration, the Mayor felt that they would not be able to get much out of the sale and perhaps it would not be worth selling. (*Council Member Johnson agreed.*)

Weston Youd: He disagreed.

Corbett Stephens: He added: what if something happened and we needed to get up there and the 4-wheeler was not working...the snow mobile is paid for. Would it be worth keeping for emergency purposes?

(*Council Member Youd suggested placing it on KSL to see what the City could get for it. Why would we want to store it and continue to keep up registration?*)

Erin Clawson: She felt it is a good back-up and we have it.

Corbett Stephens: He asked if the City could not get enough out of it to be worth the sale; if we could keep it. Is there a minimum?

Derrek Johnson: Brand new snow mobiles are selling for "nothing".

DERREK JOHNSON MOVED, SECONDED BY ERIN CLAWSON, TO RATIFY THE POLLED VOTE FOR THE PURCHASE OF THE TRACK KIT FOR THE 4-WHEELER; AND FOR THE CITY TO KEEP THE SNOW MOBILE

VOTE: YES (2) NO (2) ABSENT (1) JULIE HASKELL

TIE BREAK VOTE BY MAYOR LUTES: (YES)

The vote passed 3-2

2:23:24

D. Purchase of Snowplow Blades:

Corbett Stephens: It was explained that typically blades will break in the middle of plowing. The recommendation is to have extras on hand. Holland Equipment's price is \$1,085.07 per blade. Mr. Stephens explained how the blades on the plows break; and that one did break and was fixed with the assistance of Scot Bell and Noel Hiatt. The 10-wheeler is only good for helping to keep the main roads clear; it is generally not used unless they absolutely have to.

SEAN ROYLANCE MOVED, SECONDED BY DERREK JOHNSON, TO APPROVE UP TO \$2,500 FOR THE PURCHASE OF SPARE PLOW BLADES FOR THE SNOWPLOWS

VOTE (POLLED): WESTON YOUD-AYE, ERIN CLAWSON-AYE, DERREK JOHNSON-AYE & SEAN ROYLANCE-AYE (4) NAY (0) ABSENT (1) JULIE HASKELL

2:32:19

E. Install existing telemetry (SCADA) / Oak Lane Booster:

Explanation: The City has excess telemetry equipment that could be installed at the Oak Lane Booster site. The bid included in the packets listed options; but according to Corbett Stephens, only Option #1 is needed to install the remote system for programming and monitoring. The old equipment from the Cloward Well could be used.

Eventually, he would like to consider heating that building.

Cost: \$860 + Remote control for \$150 (appreciated, but could be done without)

SEAN ROYLANCE MOVED, SECONDED BY DERREK JOHNSON, TO APPROVE THE BID FROM SKM INC FOR THE \$860 + \$150 = \$1,010 TO PROVIDE CONTROL, SECURITY AND AUTOMATION FOR THE OAK LANE BOOSTER

VOTE (POLLED): WESTON YOUD-AYE, ERIN CLAWSON-AYE, DERREK JOHNSON-AYE & SEAN ROYLANCE-AYE (4) NAY (0) ABSENT (1) JULIE HASKELL

2:39:15

NON-AGENDA ITEMS

- Mayor Lutes: He asked about addressing the issue down by Council Member Youd's house. Dan Steele has equipment that might be useable. There could be an alarm for security on the Well to protect the meter. This will be discussed at a later time.

- It would be nice to do something nice for Noel and Cory Hiatt for their willingness to assist whenever they can. The Council agreed. (\$75 dinner cards)

- Mr. Stephens explained hydro electric energy and the possibility of making money. \$35,000 in cost could generate about \$19,000 in power every year.

Weston Youd mentioned that Spanish Fork is doing just that.

A building could be built for another \$10,000...and there is money to be made.

The water system could be paying the City.

This should be addressed in the future...the Council agreed to place this on the agenda in the future.

2:50:24

MINUTES

City Council Minutes of August 24, 2010 & October 26, 2010:

WESTON YOUD MOVED, SECONDED BY ERIN CLAWSON, TO APPROVE THE CITY COUNCIL MINUTES OF 8-24-2010 & 10-26-2010

VOTE: YES (4) NO (0) ABSENT (1) JULIE HASKELL

ADJOURNMENT

The Mayor adjourned the City Council Meeting at 9:00 PM.