

MINUTES OF THE JOINT VERNAL CITY COUNCIL AND UINTAH COUNTY COMMISSION MEETING HELD JULY 27, 2020 at 4:30 pm in the Uintah Conference Center, 313 East 200 South, Vernal, UT 84078.

PRESENT:

UINTAH COUNTY: Commissioners Bart Haslem, Brad Horrocks and Bill Stringer.

VERNAL CITY: Councilmembers Dave Everett, Ted Munford, Nick Porter and Travis Allan and Mayor Doug Hammond. Councilmember Bert Clark was excused.

NAPLES CITY: Councilmembers Dan Olsen, Ken Reynolds and Robert Hall, and Mayor Dean Baker.

BALLARD CITY: Mayor Bob Abercrombie.

STAFF: Roxanne Behunin, Quinn Bennion, Jon Stermer and Mike Davis.

GUESTS: Cheryl Meier, Dan Dilsaver, Kent Bunderson, Christina Williams, Alicen Hatch, Jeremy Raymond, Robin O'Driscoll, Cindy Dilsaver, Jo Gardner, Rick Bell, Fernandez Rivera, Goeoff Liesik, Sonja Norton, Jason Searle, Dwayne Paulson, Sam Howard, Sherry L Carlson, Terri Terrill, Scott Terrill, William Robertson, Brian Gorum, Joel Brown, Derek Hopper, Kam Pope, Hilary Price, Kris Abegglen, Dennis Stevens, Troy Ostler, Jamie Walker, Coreyne Mortensen, Sam Passey.

WELCOME: Commissioner Brad Horrocks welcomed everyone to the meeting.

ACKNOWLEDGMENT & APPROVAL OF SPECIAL MEETING: *Mayor Doug Hammond moved to acknowledge and approve this special meeting. Commissioner Bill Stringer seconded the motion. The motion passed with Councilmembers Munford, Everett, Allan and Porter and Commissioners Stringer, Haslem and Horrocks voting in favor for a unanimous vote.*

APPROVAL OF THE MINUTES OF JUNE 1, 2020: *Councilmember Ted Munford moved to approve the minutes of June 1, 2020 as presented. Commissioner Bart Haslem seconded the motion. The motion passed with Commissioners Stringer, Haslem and Horrocks and Councilmembers Everett, Allan, Munford and Porter voting in favor for a unanimous vote.*

DISCUSSION REGARDING MINERAL LEASE FUNDS AND SPECIAL SERVICE DISTRICTS DISTRIBUTION OF MONEY: Commissioner Brad Horrocks explained that the mineral lease money that is used to fund the Special Service Districts is way down so decisions need to be made what to do. The year to date amount received is \$3,200,000. Commissioner Stringer stated in 2018 the amount received by July was \$5.5 million dollars and in 2019 the amount was \$5.2 million dollars. Cheryl Meier, Uintah Transportation District, stated that the amount collected on the latest report shows a substantial increase although those funds have not been distributed yet. Kent Bunderson stated the preliminary amount is \$4.58 million for Uintah County, although it is not known how those funds will be allocated. Commissioner Stringer

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stated for the month of March there were no funds distributed and there has never been a zero amount before. Commissioner Haslem stated the districts are operating into the 8th month of the year and have received two payments. Mike Davis agreed there is not a lot of consistency.

Commissioner Brad Horrocks stated they need options moving forward. Some of the debt has been paid off to help this situation, however, now they need to consider combining services or dropping them as the expectation is to receive \$2 million dollars less than projected. Councilmember Ted Munford stated the discussion last year when the idea was brought up to combine services and consolidate debt seemed to be the right direction as revenue continues to go down. The two options are to raise revenue or lower expenses. There does seem to be a bright future for the area, but how do the Districts get by until the community thrives again. Commissioner Horrocks explained that the Districts provide tremendous services and this is a sad situation. The Commission wants to look at every option before a final decision is made. Commissioner Bart Haslem stated that when they look at the Districts, the Commissioners know what services are essential, and all of these services are a great benefit to the community. Although some of them are required to be provided such as fire suppression, animal control, and health services. He asked the directors from the Districts to take a few minutes and explained what services they provide.

Jeremy Raymond, director for the Uintah Fire SSD, explained this District was created in the fall of 2006 with many of the other districts. At that time the goal was to create a County-wide fire suppression entity. The District provides fire suppression needs for residential and wildland fires, extrications, hazmat, fire inspections, and helps at the airport with training and standbys. The fire stations provide public education, fire reviews and plan reviews for new construction. Commissioner Horrocks asked how many fire stations are in the District. Jeremy Raymond answered there are 6 stations including Naples, Vernal, LaPoint, Tridell, Avalon and Jensen along with the main district office located in the county building. He presented the balance sheet for the district showing a budget shortfall of \$691,000 for the year if the mineral lease funding follows the same trend. He noted that this District now does emergency management also.

Alicen Hatch, director for the Uintah Health Care District, stated the District was formed back in 2006 with the care center being the main focus; then reorganized to include Tri-County Health and the Golden Age Center. Later on, Tri-County Health was moved back under the County. The Golden Age Center takes most of the mineral lease funding and the main purpose is to take care of seniors in their homes so they can stay home as long as possible. The center provides activities, food and transportation. The care center is a 110 bed care facility for those that can no longer stay at home and 14 beds in the rehabilitation and therapy wing. The center is only at 45% capacity employing 150 people. The numbers have been going down significantly mostly due to a nursing shortage. Many of the services provided are reimbursable, or charge a fee. The County has an account for the care center to offset those expenses so most of the mineral lease funds are used for the Golden Age Center. The projected shortfall is \$87,000 as a few changes have been made to cut down expenses. There were two directors at the senior center and that was cut to one and no positions have been filled when someone leaves employment.

Tina Williams, director of the Animal Control SSD, stated the District started in 2006 with all the entities participating. There are three full-time animal control officers who also work with

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the Department of Wildlife Resources. The district provides animal control and animal shelter services for livestock and pets. An stray livestock roundup was recently conducted with the funding from the State of Utah. In 2016 the County established a set amount of \$67,000 a month to cover all operational expenses for the District from the mineral lease funds rather than a percentage. If the funding is dropped any lower, the next cut will be the hours of operation and staff. The number of animals at the shelter is increasing with people losing their jobs and moving and they are abandoning more animals. The shelter works with rescue groups to find homes for the adoptable animals.

Robin O'Driscoll, director of the Recreation District, explained that they run 12 parks from Jensen to Ballard, provide youth and adult sport programs, manage the golf course, the recreation center and maintain the soccer and baseball fields. With the pandemic, the recreation center had to be closed for five weeks which cut down the revenue. The District employs 250 people in peak season, mostly teenagers. She presented the balance sheet for the District. Since 2015, they have lost full-time employees and have not replaced them. She noted that this District was formed in 1993.

Cheryl Meier, director of the Transportation SSD, explained this is the oldest district and it was formed in 1989. The purpose of this District is to work with the County on road projects. The oil and gas industry has a major impact on roads and the District tries to maintain around 100 miles of road each year. Also, the District takes on larger projects that benefit the area. The last large project was started in 2014 and has just been completed. The district boundaries include all of Uintah County except for incorporated areas. The District has a project now in partnership with the cities. The District received a grant for half the cost and the cities will fund the remainder. The District funded and managed the Vernal Regional Airport up until 3 weeks ago, and there are a few projects that need to be finished. She presented the balance sheet and explained that the other Districts receive a set amount and this District gets the remainder of the funds. If trends continue, there will be a shortfall. Councilmember Travis Allan clarified that there has not been any financial commitments to the City's by this District. Cheryl Meier stated the Cities have a financial commitment to the District to pay for this upcoming maintenance project. The District received half loan and half grant and the cities are obligated to pay the loan. Ballard and Naples owe \$100,000 each and Vernal City pays \$400,000. Councilmember Allan clarified that the District is just passing through the grant funds. Cheryl Meier agreed that they are the project manager.

Kent Bunderson, director of the Impact Mitigation District, stated this District started in 2006 for economic development and was the catch all for all the Districts. If there was a worthy project that would benefit the community, funding was considered. As the funds dwindled, the District was changed to work on promoting higher education. Last year the Commission asked the Districts to see if they could eliminate debt and the Impact Mitigation District was the beneficiary of that request. Several of the Districts were gracious enough to allow their funds to be used to pay off debt of this District. Scholarship funds are awarded for Uintah County residents, and the District supports the USU Air Quality team. The financial shortfall for this year is projected to be \$287,102.

Commissioner Brad Horrocks explained when these Districts were formed, it was a great idea,

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good for the community, and saved taxpayers a lot of money. However, they knew some day this would happen. Mayor Dean Baker stated the County did not want to lose the mineral lease funds. Commissioner Haslem stated he wants the public to realize how these services are funded. It takes \$10 million dollars to operate in the black and realistically the Districts will only receive closer to \$5 million dollars. The question is where to come up with the difference. Councilmember Ted Munford stated the options are to increase revenue, or decrease expenses. The ways to decrease expenses include lower administrative costs, eliminate positions, eliminate benefits, or decrease services or the quality of the services provided. The only way to increase revenue is to raise taxes. Quinn Bennion stated another option seems to be to shift services to the Cities and County, which then forces those entities to go through the same options. He noted that Vernal City, Naples City and the County have already cut staff to meet budget. Councilmember Ted Munford stated if these services are shifted back to the Cities, the only option would be to raise taxes. Mayor Dean Baker stated that Naples already has a shortfall. Councilmember Munford noted that fire suppression and animal control are required services. Commission Bill Stringer explained that the amount has been dwindling over the years and the Districts have had to spend their reserves. This leaves the Districts without funds to pay for any catastrophic costs that could happen. He stated they need to figure out what they need to do to meet the legal requirements for animal and fire services. Kent Bunderson suggested the District directors meet and come up with a budget by prioritizing services and needs for each District. Cheryl Meier agreed that the meetings held by the Directors last year were very productive. The remaining Directors agreed to meet and come up with cuts and adjustments. Commissioner Brad Horrocks agreed to give them time to cut their budgets before the Commission makes a final determination to possibly eliminating three districts. The consensus was to give the Districts until August 16th to meet and come up with a plan.

Terri Terrell stated that usually these services are paid for by the taxpayers. Here they are paid with mineral lease funds, and everyone benefits. She stated that if this funding dries up, then the citizens need to pay for them or take them away if they are not important. She stated the community needs the Fire District and animal control. She suggested they cut all the services they can and still provide minimal necessities with the Cities and County supplementing the Districts. Councilmember Ted Munford asked if she understood this would require a tax increase. Terri Terrell stated that they may need to do a PR campaign so citizens know this has always been paid for by mineral lease funds and now they have to help pay for it by raising taxes. In the long run everyone needs to pay their fair share.

Ed Zurbuchen stated that the taxpayers have to come up with some support as the Districts cannot continue without it. He noted that reality is here and what was given free now has to be paid for. Councilmember Ted Munford asked if he was talking about raising taxes. Mr. Zurbuchen stated he is in support of a tax hike to pay for these services.

Steve Evans, Evans Family Media, stated there has been an effort from Senator in Wyoming and Utah to decrease mineral lease payments to help the oil industry. He asked if this has affected this income. Commissioner Bill Stringer stated that did not happen because it was illegal.

Sonja Norton asked how much money is needed to pay off the loans. Kent Bunderson answered it would take over \$4 million dollars. Mike Davis stated he only knows the budgets for 4 of the

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districts and Animal and Fire have no debt. Sonja Norton noted that it may be a better strategy to use funds to function rather than pay off debt right away. Councilmember Ted Munford stated that just postpones this issue. Commissioner Stringer stated without funds they cannot pay off any more debt. The Community Impact Board may extend the payment. Mike Davis stated he has already looked at deferring the debt and the process is a nightmare. Also, it is reported as a late payment. A better option would be to restructure the whole loan which then costs money for a bond attorney. Kent Bunderson stated the bonds for USU are not due until 2022 so there are no repercussions if they wait on that payment.

Dan Dilsaver stated that the perception from the public is that mineral lease funds are given to the community and taxpayers believe they are paying for these services when in reality they are not. The elected official's job is to inform the public that this gift has now been used up and the taxpayers have to decide if they want to pay for them. He stated that small cuts will not provide the millions of dollars needed. He stated unfortunately what is needed is a tax increase.

Commissioner Bill Stringer stated the Commission will need to decide what is essential and what is necessary. After further discussion, the consensus was to allow the District directors to have until the 17th of August to meet and come up with a plan before the next joint City / County meeting to be held on August 24th. Kent Bunderson stated that they need a target amount to work toward. Commissioner Brad Horrocks suggested \$6 million dollars. Commissioner Bill Stringer agreed.

ADJOURN: There being no further business; Councilmember Ted Munford moved to adjourn. Councilmember Nicholas Porter seconded the motion. The motion passed with a unanimous vote and the meeting was adjourned.

Quinn Bennion, City Recorder / Manager