

**M**INUTES OF THE VERNAL CITY COUNCIL REGULAR MEETING HELD  
JANUARY 20, 2010 at 7:00 p.m. in the Vernal City Council room, 447 East Main,  
Vernal, Utah 84078.

**PRESENT:** Councilmembers Ted Munford, Cal Dee Reynolds, Sonja Norton, Bert Clark and JoAnn Cowan and Mayor Gary Showalter.

**INVOCATION OR UPLIFTING THOUGHT:** The invocation was given by Councilmember Cal Dee Reynolds.

**PLEDGE OF ALLEGIANCE:** The Pledge of Allegiance was led by Mayor Gary Showalter.

**APPROVAL OF CITY COUNCIL MINUTES OF JANUARY 6, 2010:** Councilmember Sonja Norton moved to approve the minutes of January 6, 2010 with one name correction. Councilmember Clark seconded the motion. The motion passed with Councilmembers Munford, Cowan, Reynolds, Norton and Clark voting in favor.

**NORTHEASTERN UTAH COUNSELING PREVENTION PRESENTATION TO VERNAL CITY COUNCIL - SANDRA RICHENS:** Sandra Richens, representing Northeastern Utah Counseling Center, explained that she has been working with the substance abuse prevention program. She explained that the Counseling Center is not just a mental health facility as they also help with other social programs including the student assistant program, Prime for Life Under 21, Smart Easy Program, and DUI classes. These programs help people deal with issues such as bullying at school, underage drinking, or simply learning how to dispense and sell alcohol lawfully. One goal set for the Counseling Center for 2009 was to reduce underage drinking in the Tri-county area, and they were successful. Vernal City and the Police Department helped reach this goal by doing the alcohol compliance checks with local retail stores. A police officer takes an underage person into the store to try to purchase alcohol, and in general, the retail establishments did very well with only a few failures. Mrs. Richens presented a plaque to the Vernal City Police Department on behalf of Northeastern Utah Counseling and Parents in Power for their help in preventing underage drinking. Police Chief Dylan Rooks accepted the award. Sandra Richens then presented a similar award to the Vernal City Council for their proactive approach to the underage drinking problem. Councilmember JoAnn Cowan accepted the award for Vernal City, and thanked Sandra for the efforts of Northeastern Utah Counseling. Mayor Showalter stated that this is commendable work and greatly enhances the community.

**AUDIT REPORT FOR FY2009 - DOUG RASMUSSEN, SMUIN, RICH AND MARSING:** Doug Rasmussen, representing the auditing firm of Smuin, Rich and Marsing, explained that they completed the audit for the Vernal City FY2009 budget year by sampling and testing the transactions of the City. Based on those samples, the financial picture of the City is evaluated. He stated that in their opinion, the financial statements fairly represent the financial position of Vernal City. Vernal City's assets exceed the liabilities at the close of the fiscal year by \$51.5 million dollars, and the unrestricted assets are almost \$6 million dollars. One situation the City needs to keep an eye on is the unreserved balance which cannot exceed 18%. At the end of the fiscal year, the City had an unreserved balance of \$1.7 million dollars which is 16% of the total general fund. Mr. Rasmussen noted that in the future if the Council wants to place funds into a restricted fund, it must be done by

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resolution. Councilmember Munford stated that he is pleased to see the City is in a good financial position. Doug Rasmussen stated that there was one line item that showed an unfavorable fund balance, and in fairness to the Finance Department, this over-budget was a very difficult journal entry. Also, the City received grant funds and did not use them, so they have to be paid back. Mike Davis stated that the funds for the grant project that closed have been returned. Doug Rasmussen stated that another new requirement is the asset inventory list. When fixed assets are purchased using Federal or State dollars, the inventory list must show what funds were used. If that asset is ever sold, the funds must be sent back to the funding organization if it exceeds a certain amount. This rotation must be made by June 30<sup>th</sup>. He also stated that the parts inventory for the water and sewer systems need to be made annually. Councilmember Ted Munford asked if there were any other trends that should be kept in mind as financial decisions are made for the upcoming fiscal year. Doug Rasmussen stated that some revenue streams are considered “soft money” that possibly will not always be available. One source of soft money affecting the Uintah Basin is mineral lease funds and should not be counted on to pay off long-term debt. He stated that Vernal City has done a very good job to keep a positive fund balance and not being excessive with long-term debt. Councilmember Bert Clark noted that several bonds will be paid off over the next five years, significantly lowering the debt service of the City. Kevin Ashby asked what that amount is. Councilmember Clark answered that there are five bonds totaling around \$900,000 that will be paid off. Doug Rasmussen stated that the bonds do require one year’s payment be placed in a reserve account. Ken Bassett stated that for Vernal City, mineral lease funds only come in the form of a grant or loan from the CIB and the City is then assured of receiving the money. Special Service Districts use mineral lease funds as their sole source of revenue. Doug Rasmussen cautioned that as mineral lease funds diminish, there will be more competition for those funds, and the City may see less availability. After further discussion, Councilmember JoAnn Cowan moved to accept the FY2009 financial audit report. Councilmember Cal Dee Reynolds seconded the motion. The motion passed with Councilmembers Cowan, Reynolds, Clark, Norton and Munford voting in favor.

**APPROVAL OF WAIVER OF IMPACT FEES - NEIGHBORHOOD NON-PROFIT HOUSING PROJECT - KIM DATWYLER:** Kim Datwyler, Executive Director of Neighborhood Non-Profit Housing, explained that this organization has been offering quality and affordable housing opportunities since 1996, and these developments enhance the communities. The purpose of the projects are to help tenants and homeowners become self sufficient with the focus on affordable housing that private industry is not providing. In Cache County the housing project targeted the needs of the disabled, and in Vernal the target will be workforce housing. There is also an economic impact in the communities while the housing is being built with the employment of local sub-contractors. Steve Kier, the general contractor for the project, explained that his company is located in Ogden, Utah and has found a niche, building affordable housing using the tax credit program. Kim Datwyler commended the Council for providing the land for this project and explained that the next step will be to complete the application for tax credit funding. There is an investor interested in this project, and funds have been set aside by the State of Utah, but additional incentives are needed to close the financing gap. There is still a \$100,000 gap, and if the City will waiver the impact and building permit fees, the shortage will decrease by approximately \$82,000 dollars. Councilmember Clark asked who provides the tax credits. Kim Datwyler explained that

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Utah Housing receives an allocation from the federal government, but the competition for those funds are fierce. Councilmember Clark asked what will be accomplished in phase I of this project. Kim Datwyler explained that the market study demonstrates 40 to 48 units can be supported, and phase I will include the infrastructure and the building of those units. Phase II will be started after phase I has been stable for one year. Mayor Gary Showalter asked what the base rent will be and if a lease will be required. Kim explained that some units will be transitional, with most requiring a six month lease. The rent is based on certain factors, especially the median income for the area. Ken Bassett stated that one reason the City was willing to participate in this kind of project was based on the fact that the rents cannot exceed the cap allowed by the State. During the last few years, developers have indicated that the rent will be reasonable for their projects, and then they ended up being much higher. Kim Datwyler stated that if the tax credits are approved, this project will begin in July. Steve Keir stated that once the funding is in place, he will contact sub-contractors in the community and make recommendations for a final workforce. The majority of the sub-contractors will be local. Mayor Showalter stated he appreciated that point. Ken Bassett stated that the City ordinance specifically allows a waiver of the impact fees for low-income housing, however, the building permit fee does not have a waiver provision for this type of program. After further discussion, Councilmember JoAnn Cowan moved to waive the impact fees for this entire project and authorize the staff to develop a resolution to waive the building fees. Councilmember Sonja Norton seconded the motion. The motion passed with Councilmembers Cowan, Norton, Munford, Clark and Reynolds voting in favor for a unanimous vote.

**CITY COUNCIL ASSIGNMENTS:** Mayor Gary Showalter presented the Council committee and board assignments. He stated that he recognized that the Council had expertise and knowledge in certain areas, so not a lot of changes were made. Mayor Showalter read the list of assignments. Councilmember Bert Clark explained that the public does not realize the broadness of issues that the Council deals with and was pleased when they saw the agenda in the local newspaper. Mayor Showalter stated that he would like to continue to have the agenda in the paper so there is an openness to what is happening. Ed Zurbuchan commended the Council for the transparency. After further discussion, Councilmember Sonja Norton moved to accept the Council assignments as presented. Councilmember Bert Clark seconded the motion. The motion passed with Councilmembers Norton, Clark, Munford, Reynolds and Cowan voting in favor.

### **REQUEST FOR APPROVAL OF INTERLOCAL AGREEMENT WITH NAPLES CITY FOR STORM DRAINAGE AND RIGHT-OF-WAY AGREEMENT - RESOLUTION NO.**

**2010-04:** Ken Bassett explained that the storm drainage project extends into Naples City along 500 South to the golf course. Naples City has agreed to allow the storm drainage system to be placed in their right-of-way if they can also drain storm water into this system from the 500 South roadway. The Engineers have indicated that the pipe and retention basin are large enough to take care of that additional drainage. Councilmember Clark asked what will happen to the runoff from Highway 40. Darren Anderson explained that the City pipe will not intercept that water flow. Ken Bassett commented that it is necessary to have this right-of-way agreement in place prior to awarding the construction contract. Once the utility is installed, then an interlocal agreement will also be needed with Naples City as to how their connection into the City's line will be managed. Mayor Showalter

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clarified that this encroachment of water from the other municipality is specific to this location only, and no additional water will enter this drainage. Councilmember Munford asked if it was known what percentage of the capacity of the pipe will be used by Naples City. Darren Anderson answered that the runoff from this street will be less than 1%. Councilmember Bert Clark moved to accept Resolution No. 2010-04 approving the right-of-way agreement with Naples City. Councilmember Sonja Norton seconded the motion. The motion passed with the following roll call vote:

- Councilmember Munford.. . . . . aye;
- Councilmember Cowan. . . . . aye;
- Councilmember Reynolds. . . . . aye;
- Councilmember Norton. . . . . aye;
- Councilmember Clark. . . . . aye.

**LOCAL BIDDERS PREFERENCE POLICY AMENDMENTS DISCUSSION:** Mayor Showalter commended Ken Bassett for his work on this issue based on the discussion at the last meeting. The current purchasing policy has been in place since the early 80's, and a more precise policy is needed to comply with State code. Ken Bassett agreed that there is quite a bit of information on this issue, however, the drafted resolution is being presented for discussion only. State law addresses two kinds of projects, buildings and public works construction, and clearly outlines how local governments bid out these types of projects. Only projects that are estimated to cost between \$40,000 (building) and \$140,000 (public works) are regulated by State law. There are no State provisions for local bidder preference for these types of projects. Ken Bassett stated that City departments do purchase other types of goods or services, and a local bidder preference policy can be more clearly established for those purchases. The previous City Council determined that accepting the local low bid, if the bid is within 5% of the lowest bid, would require the City to pay the low local bidder their actual bid amount. However, the policy can be changed to require the local vendor to match the low bid, or the Council can decide to continue to pay the extra percentage to a local bidder. Councilmember Cowan questioned who should be considered a local bidder. She stated that many companies that do business with the City are from neighboring communities, and suggested a local bidder simply be a business in the Uintah Basin. Ken Bassett stated it would be easier to administer if the policy designates a local vendor as a business from Duchesne and Uintah Counties. Councilmember Clark suggested Dagget County also be added. Councilmember JoAnn Cowan suggested that the local bidder preference be clearly stated in any advertisements for bids. Mayor Showalter stated that this clarification to the policy is a positive step to show the local business community that the City is interested in supporting the people they serve. Kevin Ashby clarified that for buildings and public works projects there will not be any change since State law controls the bidding on those projects. Mayor Showalter agreed. The consensus of the Council was to put this item on the next agenda with the local bidder being required to match the low bid.

**REQUEST FOR CHANGE TO SALARY SCHEDULE FOR FIRE FIGHTERS - RESOLUTION NO. 2010-02:** Ken Bassett explained that the Uintah Fire Suppression Special Service District and Vernal City fire fighters are requesting that the City change the salary schedule for fire fighters to be consistent with the District. When the Fire District was initially formed, there was concern that the pay and benefits for Vernal City firefighters be maintained. In order to keep

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those benefits the same, Vernal City fire fighters remained employees of the City rather than being transferred to the District. When a fire fighter leaves the City, a new firefighter is hired as a District employee. Eventually all the new fire fighters will be employees of the District. Now the District has adopted an updated salary schedule, and would like the City to be consistent with theirs. Councilmember Cowan explained what brought about the salary change is the amount of time that fire fighters spend at a fire. If they are on a call for more than two hours, the rate of pay changes to \$10 an hour. She explained that most calls do not last very long. After further discussion, Councilmember JoAnn Cowan moved to adopt Resolution No. 2010-02 revising the fire fighter salary schedule. Councilmember Ted Munford seconded the motion. The motion passed with the following roll call vote:

Councilmember Munford.....	aye;
Councilmember Cowan.....	aye;
Councilmember Reynolds.....	aye;
Councilmember Norton.....	aye;
Councilmember Clark.....	aye.

**ADMINISTRATIVE REPORTS:**

Joint City / County Meeting:

Mayor Showalter reminded the Council that a joint meeting will be held on January 22<sup>nd</sup> at 3:00 p.m., however, he would not be able to attend. He suggested a Mayor Pro Tempore be appointed for that meeting. It was noted that the County Commission would conduct the meeting so a Mayor Pro Tempore would not be needed.

Youth City Council:

Councilmember Bert Clark stated that Tina Francisco has indicated this will be her last year as the advisor for the Youth Council. Ken Bassett stated that it is a challenge to find someone willing to spend time with the youth, and he will get with Councilmember Munford to find a new advisor.

**ADJOURN:** There being no further business, Councilmember Cal Dee Reynolds moved to adjourn. Councilmember Bert Clark seconded the motion. The motion passed with a unanimous vote with Councilmembers Reynolds, Clark, Cowan, Munford and Norton voting in favor and the meeting was adjourned.

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Mayor Gary Showalter

ATTEST:

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Roxanne Behunin, Deputy Recorder