

MINUTES OF THE VERNAL CITY COUNCIL REGULAR MEETING HELD
APRIL 6, 2011 at 7:00 p.m. in the Vernal City Council room, 447 East Main, Vernal,
Utah 84078.

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

STAFF PRESENT: Ken Bassett, Allen Parker, Roxanne Behunin and Mike Davis.

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 MARCH 16, 2011: Councilmember JoAnn Cowan moved to approve the minutes of March 16, 2011 as written. Councilmember Cal Dee Reynolds seconded the motion. The motion passed with Councilmembers Cowan, Reynolds and Clark voting in favor.

REQUEST FOR CITY REPRESENTATION TO THE GLOBAL RETAIL REAL ESTATE CONVENTION -TAMMIE LUCERO: Tammie Lucero explained that the Global Regional Conference in Las Vegas is the largest retail conference in the United States, and a team is needed to attend and answer questions about our area. She requested the City Planner be allowed to attend the conference with a group representing Uintah County to answer development questions pertaining to City regulations. The cost for the conference is \$1000. Councilmember Cowan asked who the team would be meeting. Tammie Lucero answered that brokers from every retail store, small and large, attend the conference. Mayor Showalter asked if there were funds in the budget for this travel request. Ken Bassett stated that the planning budget was scaled back slightly so funds would have to be allocated. After further discussion, Councilmember Bert Clark moved to send Allen Parker to the Global Retail Convention with the County team. Councilmember JoAnn Cowan seconded the motion. The motion passed with the following roll call vote:

Councilmember Clark aye;
Councilmember Reynolds aye;
Councilmember Cowan aye.

PUBLIC HEARING: FY2011 BUDGET REOPENER #1 – ORDINANCE NO. 2011-08: Ken Bassett explained that the City is required to have a balanced budget, so during the course of the fiscal year, the budget is reviewed and adjusted to make sure the departments are on track to maintain a responsible budget for the City. A public hearing must be held before the budget can be adjusted. Ken noted that as the revenue numbers were reviewed, they were decreased by approximately \$162,000 which reflects a drop, mainly, in sales tax. Therefore, revenue was changed from \$3.6 million dollars down to \$3.27 million dollars. Building permit fees are also down, and the carpenter has been working as the construction coordinator for the new City Hall project. His wages during that time will be paid by the building fund which increases the general fund revenue of the City. Another revenue item, under contributions, is the two residential lots that were given to the City as part of the workforce housing project. The expenditures in a few departments also had to be adjusted. The first budget is the City Attorney budget which has been increased to cover the US General litigation. The hope is that the Community Impact Board funds can be used to offset those costs. The Planning

MINUTES OF THE VERNAL CITY COUNCIL REGULAR MEETING HELD APRIL 6, 2011

department had a development that purchased permits, but did not build the homes, and those permits were refunded. The police department actually had a reduction of \$40,000 in personnel costs because the department has not been at full staff. Further, Ken reported that the streets department also lost an employee who was not replaced, and the paint striping line item was reduced from \$110,000 to \$57,000. In total, the Council Committees reduced expenses by \$162,000 to match the revenue. The total balance of all the capital project funds is \$3.8 million dollars with the fund set up for the women’s crisis center being eliminated. The unappropriated balance in the general fund is \$1.6 million dollars which equals 17.6% of the total fund balance. The State allows the City to maintain 18% of the revenues in any one year. Mayor Showalter opened the public hearing. There being no comments, the public hearing was closed. Councilmember Cal Dee Reynolds moved to approve Ordinance No. 2011-08 approving the FY2011 budget reopener #1. Councilmember Bert Clark seconded the motion. The motion passed with the following roll call vote:

Councilmember Cowan aye;
Councilmember Reynolds aye;
Councilmember Clark aye.

REQUEST FOR UTILITY RATE AMENDMENT – RESOLUTION NO. 2011-06: Mayor Gary Showalter explained that he spoke with Councilmember Munford regarding increasing the water and sewer rates, and he is in favor of the rate increases as presented. Ken Bassett explained that as part of review of the utility budget, the Public Works Committee evaluated the rate structure to see what is needed to operate the systems. It is important to pay for expenses, but also have money set aside to take care of unforeseen expenses such as a major water line break. For a utility system as large as the City’s the State Division of Drinking water recommends a 25% cushion which is \$475,000. Further, Ken noted that in July of 2010 there was a utility fund balance of \$507,000 with an additional collectible amount from Ashley Park Estates for a total balance of \$1,042,471. The FY2011 budget has a deficit in both the water and sewer funds, making it necessary to use part of the fund balance. The water fund will use \$173,000 and the sewer fund will use \$85,000 of the fund balance. Also, the last five years the City has been subsidizing the water fund with property taxes from the general fund, and the general fund cannot do that anymore. Ken recommended the Council consider raising the water and sewer rates to 1) avoid a deficit in the budget and 2) keep a cushion in the utility funds to take care of any major problems. If the rates are not increased, the deficit will continue and the balance will continue to shrink. He pointed out that there are more sewer connections than water connections simply because some apartments may have one main water meter, but still have sewer connections for each unit. The Community Impact Board also questions why the utility rates are so low compared to the State average. Ken Bassett explained that every \$1 of fees in the water system generates \$34,000 a year and \$45,000 a year in the sewer system. In order to eliminate the deficit, the water fees need to be raised \$2.50 a month per household. In order to make up the property tax subsidy that will no longer be placed into the water fund, the fees needs to increase an additional \$5. If the Council decides to address the need for a cushion, another \$3.50 per month fee is needed for a total of \$11 increase. The sewer fund also needs a \$2 per a month increase in fees to eliminate the deficit. The last sewer rate increase was implemented in 2007 and the water fees were increased in 2003. The Public Works Committee is recommending an increase of \$11 in water and \$2 in sewer to generate enough money to take care of the utility system needs. Mayor Showalter stated that it is

MINUTES OF THE VERNAL CITY COUNCIL REGULAR MEETING HELD APRIL 6, 2011

difficult to have to make the decision to raise rates, but the water rates have not increased for over nine years, and there are good reasons to increase the rates. Councilmember Cowan commented that County residents pay considerably less for water and asked how the City could explain the differences in the rates. Ken Bassett replied that the water districts in the area use property tax for their systems, and that is the only service that is being provided. The City is required to use property taxes for many general fund services. Councilmember Clark asked if the City had any control over the treated water costs. Ken Bassett answered that the City does not have any control over those fees.

Councilmember Clark asked the staff to try to negotiate those rates. There was some discussion regarding implementing a lesser rate increase. After further discussion, Councilmember JoAnn Cowan moved to approve Resolution No. 2011-06 as presented, increasing the water and sewer fees by \$13 effective the next billing cycle. Councilmember Cal Dee Reynolds seconded the motion. The motion passed with the following roll call vote:

Councilmember Clark aye;
Councilmember Reynolds aye;
Councilmember Cowan aye.

REQUEST TO AMEND FY2011 SALARY SCHEDULE – RESOLUTION NO. 2011-05:

Councilmember JoAnn Cowan explained that the police department has had a canine officer for years and with another canine officer being recently added, it came to the City’s attention that the officers need to be paid for their time spent taking care of the dogs. Resolution No. 2011-05 will compensate the officers for 3.5 hours a week to feed and train the animal. Ken Bassett stated that the hourly wage of \$13 will be used based as the wage, similar to an average Uintah Animal District employee working at the animal shelter. Mayor Showalter commented that the Public Safety Committee has reviewed this item and is recommending approval. Councilmember JoAnn Cowan moved to adopt Resolution No. 2011-05 amending the salary schedule adding canine handling wages. Councilmember Bert Clark seconded the motion. The motion passed with the following roll call vote:

Councilmember Clark aye;
Councilmember Reynolds aye;
Councilmember Cowan aye.

REQUEST FOR CONTRACT EXTENSION FOR ALL SERVE HOME AND BUSINESS:

Ken Bassett referred the Council to an agreement with All Serv Home and Business who has been painting red curb markings for the City at a cost of \$6,000 a year. The agreement is set to expire, and the staff is recommending extending the contract for one more year at the same cost as the contract allows. Councilmember Bert Clark moved to approve the All Serv Home and Business agreement extension. Councilmember JoAnn Cowan seconded the motion. The motion passed with Councilmembers Clark, Cowan and Reynolds voting in favor for a unanimous vote.

RATIFICATION OF MORATORIUM FOR TEMPORARY MERCHANTS – ORDINANCE NO. 2011-09:

Ken Bassett reminded the Council that at the last meeting the Council established a moratorium on temporary merchants for prepared foods. As the City Attorney reviewed that action, he noted that under State law the land use portion of the moratorium requires an ordinance.

MINUTES OF THE VERNAL CITY COUNCIL REGULAR MEETING HELD APRIL 6, 2011

Therefore, Ordinance No. 2011-09 has been prepared to place a moratorium on the approval of any building permits and licenses associated with prepared food establishments for up to 180 days. Mayor Showalter confirmed that this moratorium will not affect any existing vendor or merchants. Councilmember JoAnn Cowan moved to approve Ordinance No. 2011-09 placing a moratorium on prepared food vending establishments. Councilmember Cal Dee Reynolds seconded the motion. Councilmember Bert Clark asked about events such as the upcoming rodeo and how this will impact those vendors. Ken Bassett stated that business licenses cannot be issued until new regulations are put in place or 180 days. He noted that many of the vendors providing food temporarily out of the Western Park will already have a business license. Mayor Showalter requested that this issue be placed back on the City Council agenda quickly so businesses and events are not held up. The motion passed with the following roll call vote:

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

REQUEST FOR APPROVAL OF ALARM & SECURITY AGREEMENT FOR NEW CITY OFFICE BUILDING: Ken Bassett explained that the new City Hall building has power control systems, fire alarms, camera systems and access control systems that need to be monitored and maintained. The company that installed the systems is able to monitor and maintain them at a cost of \$26,820 for a three year period. Councilmember Clark mentioned that the alarm will go off on card swipe systems if the employee with the card stands just inside the door. There was some discussion regarding what repairs will be made by the staff and what the security company will do. Councilmember Cal Dee Reynolds moved to approve the agreement with Power Control Systems for system monitoring and maintenance at a cost of \$26,820 for a three year contract. Councilmember JoAnn Cowan seconded the motion. The motion passed with the following roll call vote:

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

REQUEST FOR APPROVAL OF CHANGE ORDER REQUEST #63R FOR NEW CITY OFFICE BUILDING: Ken Bassett explained that this change order adds electronic wiring inside the doorways for the card reader system. Apparently not all of the electrical components for the doorways were included in the specifications. The cost of adding these components is \$19,777.28. Councilmember JoAnn Cowan moved to approve Change Order Request #63R. Councilmember Cal Dee Reynolds seconded the motion. The motion passed with the following roll call vote:

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

OIL SHALE DEVELOPMENT DISCUSSION – MAYOR SHOWALTER: Mayor Gary Showalter informed the Council that representatives of Eesti Energia, out of Estonia, have been looking at sites in the US and Canada over the last four years, and has now acquired the oil shale reserve owned by OSEC in Uintah County. A new company will be formed to mine oil shale, bringing their expertise to America using Enefit technology. Estonia has been using oil shale for over

MINUTES OF THE VERNAL CITY COUNCIL REGULAR MEETING HELD APRIL 6, 2011

90 years for power including electricity. Mayor Showalter noted that it has been interesting to work with representatives from Estonia, and they are willing to commit \$3 billion dollars for their project in Uintah County. It is expected to take approximately four years for permitting, and the expected fully operational date is set for 2018. Further, Mayor Showalter related that they will employ between 1500 to 2000 workers which will greatly impact Vernal City. Councilmember JoAnn Cowan thanked the Mayor for getting involved in this opportunity and being the ambassador for Vernal City.

ADMINISTRATIVE REPORTS:

Community Events:

Mayor Showalter reported that the Downtown Merchants Association has not scheduled any events, and he suggested that the City look into sponsoring small events through the summer and fall. He noted that if someone could be found to spearhead these types of community events, they may be more successful. Councilmember Reynolds agreed that it is hard to find someone to commit to planning these events. Mayor Showalter commented that he had someone in mind and would approach her to take on this chore. There was some discussion regarding parking downtown. Mayor Showalter suggested the Planning Commission look at each business individually to determine what the needs are for parking. He emphasized that it is not the City's obligation to provide parking for downtown.

Art Work for Council Room:

Councilmember JoAnn Cowan explained that several ideas were looked at regarding art work behind the Dias in the Council chambers. Since this room is multi-purpose, lettering of "Vernal City" seems to be the best fit.

Visit of Senator Orin Hatch:

Ken Bassett informed the Council that Senator Orin Hatch will be visiting Vernal on April 26th, and would like the opportunity to meet with the elected officials at 2:30 p.m. here at the City office.

Utah League of Cities and Towns:

Ken Bassett reminded the Council that the Utah League of Cities and Towns conference is scheduled for next week.

MINUTES OF THE VERNAL CITY COUNCIL REGULAR MEETING HELD APRIL 6, 2011

ADJOURN: There being no further business, Councilmember Bert Clark moved to adjourn. Councilmember Cal Dee Reynolds seconded the motion. The motion passed with a unanimous vote and the meeting was declared adjourned.

ATTEST:

Mayor Gary Showalter

Roxanne Behunin, Deputy Recorder

(S E A L)