

MINUTES OF THE VERNAL CITY COUNCIL SPECIAL MEETING HELD
MAY 20, 2014 at 4:00 p.m. in the Vernal City Council room, 374 East Main, Vernal,
Utah 84078.

PRESENT: Councilmembers Bert Clark, Dave Everett, Samantha Scott, Ted Munford and JoAnn Cowan and Mayor Sonja Norton.

WELCOME: Mayor Norton welcomed everyone to the meeting

FY2015 BUDGET – UTILITY FUNDS:

Revenue:

Ken Bassett explained that the utility funds refer to the water, sewer and solid waste funds, although the solid waste is simply the garbage collection and the City contracts for those services. A new suggested utility fund, the storm water fund, is one that the Council needs to think seriously about putting together. The revenue for the major utility funds comes mostly from fees although there is some funding from the Community Impact Board for capital projects. This year the projected revenue in the water fund is listed at \$3,475,480.00. The expenses are projected to be \$3,288,970 showing a net profit of \$186,510. He asked the Council to be aware that there is a \$107,520 loan payment that will be due in next year's budget for the additional Red Fleet water rights that were purchased with the other entities in the valley. Also, funding is pending from the Community Impact Board for the north Vernal Avenue water project which will have a payment of \$16,333 starting in August, 2016. The concern is with the current water rates, there is only a net \$186,000, and if there is a rainy year, that amount will go down as the billing is based on usage. There is a cash balance of \$1.6 million for both the water and sewer funds that has been set aside for emergency purposes which includes impact fees.

The sewer revenue is projected to be \$1.8 million dollars with expenses of \$1.7 million dollars, leaving a balance of \$121,000. The Sewer Management Board Director, Dean Gibbs, has made the City aware of his recommendation for a 5% increase in sewer rates beginning January, 2015. There has not been a sewer rate increase from the Sewer Management Board for seven years. Councilmember Clark stated the Sewer Management Board has had to add depreciation, however, the full depreciation amount has not been added to their budget. Ken Bassett stated he would only recommend an increase in the sewer rates if the Sewer Management Board approves an increased fee. Mike Davis stated that the depreciation on the City's water system is \$400,000 and the sewer depreciation is \$175,000, although not budgeted. Councilmember Munford clarified that those figures are not cash outlay dollars. Ken Bassett stated that the City still needs to fund depreciation to some degree. Councilmember Cowan stated she understood the wisdom in savings; on the other hand, it is hard to justify an increase in fees just for a healthy balance when the funds are coming from people that rely on very tight budgets.

Mike Davis, Water Superintendent, explained that he has another issue with the water fees for new connections. The current cost to install a new meter is \$1500 for the trenching and \$750 for the materials, including the flowable fill. Then there is a cost of \$700 to patch the asphalt for a total cost of \$2900. The City is currently charging \$1000 for a ¾" water connection and \$1000 for the impact fee. Other agencies in the valley are charging over \$3000 per connection.

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There was some discussion where these types of connections were made. Councilmember Clark asked if this includes the connection to the main line. Mike Davis answered yes, that the line is only run to the meter. Councilmember Munford asked the staff to bring a recommendation on what the fees should be for consideration.

Water Fund:

Ken Bassett explained that this budget does not have a lot of new items. However, the north Vernal Avenue water line project is actually a \$2 million dollar project that will affect the FY2015 budget. Councilmember Clark asked if the attorney fees for the water lawsuit had been paid from the water fund. Ken Bassett answered that there was a \$150,000 payment from the water fund to the general fund for those attorney fees to offset the \$500,000 expense in litigation. One large cost to the water fund is the treated water costs which are budgeted at \$425,000. The water flows from Ashley Springs to the treatment plant. During the months of May and June when the water is really turbid, the water has to be pumped from Red Fleet which increases the cost. There is also a payment of \$6500 for the backhoe lease in this budget. Councilmember Cowan asked about the water fill station on North Vernal Avenue. Mike Davis explained that it is getting used every day and keeps the heavy truck traffic out of the public works yard. Ken Bassett stated that the bulk water revenue is shown to be \$17,344. Mayor Norton asked what the expense was for Ashley Park Estates. Ken Bassett answered that the City installed meters on the big apartments, and a vault needs to be removed at a cost of \$3500.

Sewer Fund:

Ken Bassett explained that the biggest payment for the sewer fund is to the Sewer Management Board for the sewer treatment plant. Councilmember Munford asked about the equipment supplies and maintenance line item. Mike Davis stated that is used to repair equipment such as a drive shaft. Councilmember Munford asked what the software upgrade was for. Mike Davis stated he uses a program called Arch View which has the analysis of the sewer system and manholes and this year that program is due for an update. The Sewer Management Board purchased the computer, and the City is responsible to maintain it. Councilmember Cowan asked for an explanation of the utility reading equipment. Mike Davis stated there is equipment available to read the water meters through an electronic port, but the cost is over a million dollars. The Public Works Committee did not approve that expenditure. Ken Bassett noted that possibly that type of reading can be done in phases. Ken Bassett stated that \$70,000 has also been budgeted to clean and video a section of the sewer line. Ken Bassett asked what is being done with the manholes on 500 South after the road has been rebuilt. Mike Davis stated that the Transportation District has said they will core them.

Mr. Davis asked the Council to consider approving the 10 wheel dump truck for the Street Department as they are using the water department truck which will cause it to wear out sooner than expected.

Storm Water Utility Fund. Ken Bassett explained that so far all the expenses for storm water have come out of the general fund or the City has received grant funding. The City has been

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fortunate that the irrigators have been cooperating with the City to manage storm water. The problem now is there are more roads and parking lots that do not retain their own storm water, and that water is bringing residue of oils and salts into the drains which gets on the crops. Even though the residue is diluted, it is still an issue for the local farmers. Another issue is when the community reaches a population of 10,000 people, there will be new EPA standards to comply with. So far the largest project for storm water has been on 500 South where the storm water has been separated from the irrigation water traveling to a retention basin, and then emptying into Ashley Creek. He asked the Council to consider starting a utility fund for storm water with a base charge of \$5 per month per household. That fee will generate \$200,000 a year and help pay the \$38,000 loan payment that the City has for the 500 South storm water project. Councilmember Cowan stated she would prefer to take money out of the utility balance rather than charge another item on the utility bill. Also, the City has special funds that can be transferred to the storm water fund. Ken Bassett presented a list of special funds and the amounts in each fund. After further discussion, the consensus of the Council was to transfer \$185,000 from the Higher Education Fund, \$150,000 from the Green Space Fund and \$50,000 from the utility fund balance to a new Storm Drain Fund.

FY2015 GENERAL FUND:

Streets:

Ken Bassett explained that this department is requesting a new dump truck at a cost of \$220,000. The funding can be taken from the Equipment Replacement Fund. Mr. Bassett suggested the City consider financing the dump truck. Glade Allred stated this vehicle will replace a much older model that is not in good shape. Ken Bassett stated that \$120,000 has been budgeted to re-stripe the roads. There was some discussion regarding the type of paint that can be used. Councilmember Cowan stated she has noticed the grates used for storm water get trash deposited in them and suggested the youth detention kids help clean those. Councilmember Clark stated that on 1000 West and Main the curb is painted red and a lot of people are parking there during soccer games. Glade Allred explained he received a request from the Police Chief to restrict parking in that area. The new Police Chief may have a different opinion on that parking.

Parks:

Ken Bassett explained that this budget is for the small parks that the City maintains such as by the green dinosaur, the walking park, 500 West and 500 North, Memory Grove, etc. Funds are allocated for each park, and another item that was added is the trees along Main Street. The trees are lifting up the pavers and sidewalk. Glade Allred stated they are evaluating the trees individually to see what can be done. Ken Bassett stated the budget has \$10,000 for that project. There was some discussion regarding the type of tree that should be used and the method of planting. Mayor Norton suggested a smaller shrub may be an easier plant for that area of the City. The Council asked Glade to bring them options to consider.

Mayor Sonja Norton suggested the City consider leasing other parking structures like the one south of Cobblerock Park.

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Planning:

Ken Bassett explained that the Administrative Committee reviewed the travel and training for this budget which increased due to two key employees leaving and new employees needing specialized training. Corey Coleman stated they are also asking for two laptops and new software for building permits. Tablets are used in the field but it must have an internet connection. Councilmember Munford asked what would happen if there is no data coverage. Corey Coleman stated there may be places that do not have coverage, and the data will need to be inputted and printed out later. Councilmember Munford asked what the cost is for the software license. Corey Coleman answered \$2000. Councilmember Cowan asked why the books etc. did not go down with the deletion of the fire inspector position. Corey Coleman stated they still need those manuals. Councilmember JoAnn Cowan suggested the planning department continue to combine training with the Fire District. Ken Bassett stated that the medical insurance line item will also need to be clarified. Allen Parker stated that a lot of the training is job specific. Councilmember Cowan asked when the general plan update will be completed. Ken Bassett answered he did not know how soon a full general plan will be done, and suggested specific areas of the City be looked at.

ADJOURN: There being no further business, Councilmember Ted Munford moved to adjourn. Councilmember Dave Everett seconded the motion. The motion passed with a unanimous vote and the meeting was declared adjourned.

Mayor Sonja Norton

Roxanne Behunin, Deputy Recorder

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