

MINUTES OF THE VERNAL CITY COUNCIL AND UTAH COUNTY COMMISSION SPECIAL MEETING HELD JUNE 24, 2019 at 4:30 p.m. in the Vernal City Planning & Zoning Conference Room at 374 East Main Street, Vernal, Utah 84078.

PRESENT:

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

UINTAH COUNTY: Commissioners Brad Horrocks and Bart Haslem. Commissioner Bill Stringer was excused.

STAFF: Quinn Bennion, Jonathan Stearmer, Sylvia Wilkins and Sherri Montgomery.

GUESTS: Tina Williams, Tyson Todd, Kent Bunderson, Geoff Liesik, Jeremy Raymond, Robin O'Driscoll, Joel Brown, Cheryl Meier, and Naples City Mayor Dean Baker.

WELCOME: Mayor Hammond welcomed everyone to this meeting.

ACKNOWLEDGMENT & APPROVAL OF SPECIAL MEETING BY UTAH COUNTY COMMISSION: *Commissioner Brad Horrocks moved to acknowledge and approve the special meeting. Commissioner Bart Haslem seconded the motion. The motion passed with Commissioners Brad Horrocks and Bart Haslem voting in favor.*

DISCUSSION ABOUT TRANSPORTATION TAX (UTAH CODE 59-12-2219): Jonathan Stearmer, Uintah County Attorney, gave a report that he has been working with the Uintah County Commissioners, Quinn Bennion, and Dennis Judd to go through the State statute as to what the financial impact would be under different scenarios in regards to Utah Code 59-12-2219. Mr. Stearmer stated that this has been an issue for several years on the State Sales and Use Tax specifically tied to the transportation needs. It has been to the voters in different jurisdictions, and the State has passed another version of the law that was effective June 30, 2019 and then a new statute that would take effect July 1, 2019. Mr. Stearmer explained that there was a meeting with himself, Quinn Bennion, Dennis Judd, Mike Wilkins and Mike Davis to discuss both scenarios on what it would mean if they acted before July 1st and if they acted after July 1st. It became apparent from a County's perspective that the ability to use this money for airport purposes was a prime reason to even consider this Sales and Use Tax, and because of the changes the State Legislature made that could only occur after July 1, 2019. Therefore, the Commissioners agreed to slow it down if they wanted to spend this money on airport services. Mr. Stearmer stated that they wanted to start having joint meetings with other government entities such as the County and municipalities to go over the State statute, the financial impacts and how the money is divided as per State law, as well as what the money could be spent on. Quinn Bennion discussed the draft figures for the Transportation Option Sales Tax that was put together with the help of Mike Wilkins. Mr. Bennion reiterated that these figures were strictly draft figures only and will need to be refined in the future. Mr. Stearmer mentioned that the starting numbers had to come from somewhere, and these drafted numbers were from the computation from 2017 during the first time that it went to the voters and then based on the new numbers that was coming in. These are very

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conservative numbers used in different scenarios. Mr. Stearmer refers to Title 59 (Revenue and Taxation) Chapter 12 (Sales and Use Tax Act) Part 22 (Local Option Sales and Use Taxes for Transportation Act) and the core of it is in section 22.19 and explained that this part is effective July 1, 2019. Mr. Stearmer reads the definition of “eligible political subdivision”. Vernal City, Naples City and Ballard would be an “eligible political subdivision” to the extent that they are or would contribute to BTA or public transit. Uintah County does not have a public transit district; however, they do provide services.

Mr. Stearmer explained that there are several sections in 22.19 that do not apply to our local entities. In Section 7, we have Subsection 7(a) and this one goes off of the total number collected of \$1,655,200 found in the draft estimates under 6(b)(3). Mr. Stearmer explained that in any given year an amount of sales tax is generated and under 7(a) explains how it is distributed under a 50/50 formula with 50% based off population and 50% based off of point of sale on the first .1% which is basically the first 40% of the tax. Under that scenario, Uintah County would receive \$231,000, Vernal City \$264,800, Naples City \$139,000 and Ballard \$26,500. Mr. Stearmer stated that the money is strictly for the purposes as outlined in State Code, such as Class B and Class C roads and in addition, airport services which is a new addition effective July 1, 2019. Mr. Stearmer referred to 8(d) which determines that the County legislative body makes a determination on how much is going to transportation services to Uintah Basin Association of Government (UBAOG) for transit service at the estimated number of \$262,000 which is a complete approximation that would be used for the bus service. The remainder of the money is distributed just like in 7(a) with the 50/50 formula. Uintah County would receive \$70,900, Vernal City \$80,000, Naples City \$42,000, and Ballard \$8,000. The other 50% remaining goes directly to Uintah County.

Councilmember Bert Clark asked if the money distributed to UBAOG would be for the transit system to operate in Uintah County only or for the whole system. Mr. Stearmer stated within Uintah County only. Commissioner Horrocks asked what the money could be used for from Uintah County, Vernal City, Naples City, and Ballard. Mr. Stearmer explained that it would be the same as in Section 7(a) for Class B and Class C roads. Mr. Bennion mentioned that the \$200,000 to Uintah County is unrestricted, and they can do anything they want with it. Commissioner Bart Haslem confirmed that the \$262,000 to UBAOG funds the BTA and bus routes that are already established. Cheryl Meier mentioned that currently they are spending \$190,000. Commissioner Haslem stated that they need to set money aside to buy new buses. Commissioner Horrocks mentioned that the new buses currently are funded out of revitalization; however, that fund is becoming depleted. Therefore, new buses going forward will need to come out of this money. Mr. Stearmer explained that the \$200,000 that would go to Uintah County under Section 8(d) could go either way. Section 6(b)(3) is clearly for unrestricted purposes; however, for Uintah County, most of the money spent will be for transportation services anyway, so basically it is a non-issue at this point. Mr. Stearmer stated that the numbers deal with the top 80%, and the remaining 20% under Section 6(b)(3) goes to the Uintah County legislative body which has been projected at \$331,000. Commissioner Horrocks asked what that money could be used for. Mr. Stearmer mentioned that the money is completely unrestricted. Commissioner Horrocks asked if Mr. Stearmer is unsure about the \$200,000 under Section 8(d). Mr. Stearmer explained that it is binding the distribution to eligible subdivisions and is still secured to that

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transportation component.

Mr. Stearmer explained that with the other scenario, the County has until July 1, 2020 or the cities can, on their own, impose a Sales and Use Tax, which is a whole other distribution that sends a lot more money by statute to UBAOG for transit services. Mr. Bennion added that the distribution would be 50% to the City and 50% to UBAOG. Commissioner Haslem mentioned that they discussed that the \$262,000 under Section 6(b)(3) could actually be a percentage instead of number to UBAOG. Mr. Stearmer stated that he believed based on the statute that it could be a percentage based figure, which would mean the money would fluctuate based on the sales tax coming in. Mr. Bennion mentioned that whether it is set at a dollar amount or a percentage, once it is set and not at 100%, it cannot be changed without a public vote. Mr. Stearmer stated that is correct. Commissioner Horrocks mentioned that his concern is that the right formula is in place to set aside for buses. There is no public bus service in Uintah County; therefore, the usage of the BTA will continue to increase. Ms. Meier pointed out that they are constantly looking for new bus routes. Commissioner Horrocks stated that Naples City and Ballard may want a route, and the \$262,000 also needs to cover the care center's bus system; therefore, that figure is really hard to guess. Mr. Bennion stated that it is difficult to predict what that BTA will look like in 15 or 20 years. Mr. Bennion added that it makes sense to set the figure really high, and the UBAOG board members could give it back to the cities if not needed and if there becomes a need in the future, Vernal City, Naples City and Ballard could share in those costs. Mr. Stearmer suggested setting a figure looking into the future 5 to 10 years and then reaching out to Representative Scott Chew and Winterton asking for more flexibility on allocation. Mr. Stearmer reads the definition of restrictive statute. Councilmember Clark asked if this is mostly for motorized vehicles. Mr. Stearmer explained that it also includes sidewalks, safety features, traffic lights, trails, and active traffic facility for non-motorized vehicles.

4:40 p.m. Councilmember Travis Allan arrived to the meeting.

Commissioner Horrocks encourages everyone to get out and start discussing the issue and clarified that the County would like it to be a joint effort between the County and the cities. Councilmember Clark stated that he appreciated that and hoped all entities would go to their legislative bodies and make sure all the bases have been covered. Commissioner Horrocks suggested to Mayor Dean Baker that he contacts Laurie Brummond with UBAOG on their needs and costs for a busing route in Naples City. Mayor Baker mentioned that they did have a proposed route with estimated costs at one time. Mayor Hammond asked if the route looped through the airport. Mayor Baker stated yes, and on into Vernal with different pick up locations. Councilmember Clark stated that the hours of operation are very important to get the peaks and what is and what is not viable. Commissioner Horrocks asked what the time lines are to proceed with this tax. Mr. Stearmer explained that the deadline is July 1, 2020, before the cities can move forward on their own. The consensus was to have answers, wants, needs, and set numbers from all the entities by the next Special Joint City/County meeting that is scheduled for Monday, July 22, 2019 at 4:30 p.m. at the County Building. Mr. Stearmer reminded Vernal City, Naples City, and Ballard that to become an "eligible political subdivision" they need to be currently providing public transit services or provide written notice to the County Commission stating that they intend to. Mr. Stearmer added that the Transportation Special District has already given notice that they

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will not be providing the airport anymore, and the airport is a transportation service. Therefore, the County will already be an “eligible political subdivision”. Commissioner Horrocks asked if they also need to provide written notice regarding the BTA. Ms. Meier stated no, that is between BTA and the Transportation District. Commissioner Horrocks wanted to verify that the County was covered, because although they fund the airport, the BTA is funded by the Transportation District. It was the consensus that all entities write a letter to the State Tax Commission.

With Councilmember Travis Allan now in attendance, there is a quorum to conduct the following business:

ACKNOWLEDGMENT & APPROVAL OF SPECIAL MEETING BY VERNAL CITY COUNCIL: *Councilmember Bert Clark moved to acknowledge and approve this special meeting. Councilmember Dave Everett seconded the motion. The motion passed with Councilmembers Dave Everett, Travis Allan, Ted Munford and Bert Clark voting in favor.*

APPROVAL OF THE MINUTES OF APRIL 29, 2019: *Commissioner Brad Horrocks moved to approve the minutes of April 29, 2019. Councilmember Travis Allan seconded the motion. The motion passed with Commissioners Brad Horrocks and Bart Haslem voting in favor and Councilmembers Dave Everett, Ted Munford, Travis Allan and Bert Clark voting in favor.*

DISCUSSION REGARDING MINERAL LEASE RECEIPTS: Commissioner Bart Haslem updated everyone on the direction of the Districts after having several meetings. Commissioner Haslem reported that the mineral lease money is decreasing, and with the way the Districts are structured and operating currently, they need around \$13 million dollars to keep everyone breaking even. Councilmember Clark asked if the \$13 million was for general expenses. Commissioner Haslem stated yes, and for maintenance and debt that has been put into place. Commissioner Haslem mentioned that even at \$13 million, some Districts are spending some of their fund balance every year. Commissioner Haslem stated that at the last meeting, it was reported that the Districts really need \$13.5 million to get back to being even. As far as projections this year, all the Commissioners are estimating between \$10.5 to \$11.5 million dollars for revenue. Commissioner Haslem mentioned that this figure is the lowest they have ever seen. The Districts are doing an excellent job at how they are operating and the needs of what they offer is a necessity; however, the money is not coming in like it was in the past to sustain them. Commissioner Haslem stated that the reason for this discussion is to find a way to bring them back into the black and to take a look at what can or cannot be removed to function at that price. Councilmember Clark asked what percentage is received from what is produced and extracted from Uintah County. Cheryl Meier stated that there is a formula. Jonathan Stearmer added that they get 50% of the 49% from Uintah County. Jonathan Stearmer added that 49% is returned back to the State. Ms. Meier stated that 51% goes to the Federal Government. Mr. Stearmer added that then 50% of that goes back to the County of origin. Mr. Stearmer mentioned that this does not include any funding for projects from the Community Impact Board (CIB). Commissioner Horrocks stated that the Districts are losing money already this year and come August 1st, there needs to be a midline to where they are not living off fund balance. Ms. Meier reported that at the end of April, the Transportation District alone is down \$50,000 a month and all three Districts that get a percentage are in the same situation. Commissioner Haslem mentioned

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that some of these Districts are committed to massive payments of \$2.5 million a year, and they are receiving \$1.5 million a year. It is just the way it was set up when money was good; however, it currently needs addressed, because if something does not change, the Districts will be broke. Councilmember Clark stated that he assumed that the Districts have considered paying off the debt that predecessors created. Commissioner Haslem explained that they have reviewed all the debt that is out there that needs to be paid off. Commissioner Haslem added that the Districts have always examined the money in savings versus the debt owing, and at the beginning of his term, they had a little more in savings than they had debt. Commissioner Haslem mentioned that savings have since decreased, and it is a scary situation that the Districts are currently in. Councilmember Dave Everett asked when the next meeting is for all the Districts. Ms. Meier stated that the meeting is on July 9, 2019 at 2:00 p.m. Commissioner Horrocks mentioned that there also needs to be a team of representatives at the Tax Task Force meeting in Roosevelt that same day at 6:00 p.m. Commissioner Haslem mentioned that they are open for ideas. This tax will come back to Uintah County and Vernal City and help absorb the costs of the airport. Councilmember Clark asked if the University has been approached to see if they could contribute any money for the college facilities. Commissioner Haslem explained that the agreement for those facilities was put into place before the current Commissioners were elected. Quinn Bennion asked Kent Bunderson if the loans are paid off in two years. Mr. Bunderson stated yes, they owe about \$6 million for those two facilities combined. Commissioner Horrocks asked if only one will be paid off in two years. Mr. Bunderson explained that both facilities will be paid off in 2022. Commissioner Horrocks asked about the conference center debt. Mr. Bunderson stated that it is barely under \$4 million with a 0% interest loan due in 2045, and there is no benefit to paying it off early. Commissioner Horrocks asked if that was in addition to the lease agreement. Mr. Bunderson explained that the lease agreement also helps pay for the building.

DISCUSSION ABOUT STATE LEGISLATURE'S TAX REFORM COMMITTEE: Quinn Bennion reported that House Bill 441 was introduced last year and Representative Quinn from Heber was involved in drafting the bill which came late in the session. This was a very lengthy bill that broadened the sales tax on services and would increase the local counties and cities sales tax receipts. The formula to be implemented was going to reduce the amounts cities would receive. There was a lot of debate and discussion over the ten days of the session and ultimately did not go out for vote and was put into an interim situation. Mr. Bennion stated that now there is a Tax Reform Committee that has been formed, and they are doing a statewide listening tour with eight locations and Roosevelt is one of them on July 9, 2019. The open house is at 6:00 p.m. and the town hall is at 7:00 p.m. at the Crossroads Center. Mr. Bennion encouraged everyone to participate. Commissioner Horrocks suggested forming a working group to be united and possibly holding a conference call with Lincoln and the working group to get better organized for the meeting. Mr. Bennion reported that the Utah Association of Counties (UAC) was going to create some talking points that would be beneficial to review; however, he reiterated that this is a comprehensive tax reform for the State and not a city tax reform; however, there could be some cross over. Councilmember Clark mentioned that usually the rural areas get hindered, and the mass metropolitan areas are the recipients of the money. Commissioner Horrocks reiterated that the entities need to be organized. Commissioner Horrocks stated "could you imagine adding \$600,000 sales tax to a drilling rig and what that will do to the oil and gas field out here in the Basin?" Mayor Banker gave the list of the eight locations of the tour. The first one starts

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tomorrow in Brigham City, Salt Lake City is on June 27th, Richfield is on June 28th, St. George is on June 29th, Davis County is on July 8th, Roosevelt is on July 9th, Moab is on July 20th, and last Utah County is on July 30th. Commissioner Horrocks suggested that someone attend the one in Richfield to see how it works. Mayor Baker attended the rural caucus sponsored by the Utah League of Cities and Towns (ULCT) with around 20 entities there. Mayor Baker mentioned that he expressed his opinions and concerns at this meeting regarding the 50/50 split. Mayor Baker added that now is the time to address this, be united and make sure that it is fair across the board. Mr. Bennion mentioned that the ULCT will have a representative at each meeting to give feedback. The consensus was to hold a conference call on Monday, July 1, 2019 at 3:00 p.m. to discuss how to be prepared and unified for the July 9, 2019 meeting in the upstairs conference room at the County. Councilmember Clark asked what the intent of the State is, and do they want more money? Mr. Bennion explained that in the State's constitution, it declares that all income tax be spent for education, and with the way the State's economy has been over the last several years, it has ballooned to the point where some people say more is needed for public education and some would argue that the dramatic increase is sufficient. However, what the State's restrictions are is they have that income tax coming in very solid, predictable and increasing, but the general fund which is subsidized out of sales tax, property tax, and all other miscellaneous is not as predictable and may even be declining in some cases. Mr. Bennion stated that is where they are really tight on their budget; therefore, the State is looking at that portion of the State Tax Reform.

UPDATE ON ECONOMIC DEVELOPMENT PROJECTS: UINTA BASIN RAILWAY, JORDAN COVE (COOS BAY) AND RURAL CO-WORKING AND INNOVATION CENTER GRANT: Quinn Bennion explained that he placed this on the agenda to keep everyone updated on what is occurring in the Basin on the Railway, Jordan Cove and Rural Co-Working and Innovation Center Grant. Commissioner Brad Horrocks stated that most everyone has heard something about the railroad discussions with the Community Impact Board (CIB) a week ago. Commissioner Horrocks added that \$21.4 million was approved for the planning and study on the Uinta Basin Railway. Commissioner Horrocks mentioned that the railroad is looking very positive and has a good chance of happening. Drexel Hamilton put some impressive figures together, and he wants to fund it, put it out there, and sell it within 10 years to make money. Commissioner Horrocks added that if you were to take the highest estimates and cut them in half, it is still achievable. The figures were estimated by shipping 350,000 to 400,000 barrels a day out of Uintah County. However, even at the bare minimum of 150,000 barrels a day, it would still pay without anything coming back into the County. Commissioner Horrocks stated that it is very positive and thanked Mayor Baker for his support with the CIB. The final vote was 9 to 1. The Ute Tribe is also positive and wants to be involved. Cheryl Meier mentioned that the Ute Tribe Business Committee's support was publicized on the radio, which was hopeful and beneficial to the public.

Commissioner Haslem reported on the Jordan Cove pipeline where they want to build a compression station to compress the gas in Coos Bay. The main portion of the gas will come from the Uintah Basin and Wyoming and will feed the plant. It has been approved and is on the third owner now. Commissioner Haslem stated that it has been approved once, declined once, and is going for a third time to get through this 140 mile section called the Jackson County. Commissioner Haslem mentioned that he along with Mayor Hammond, Economic Development,

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and the Transportation District will testify this week in hearings in Oregon. Commissioner Haslem asked everyone to send letters of support, including anyone in the public that will write a letter for Uintah County, Vernal City, Naples City, and Ballard. Commissioner Haslem mentioned that this is bigger than the railroad for the mineral lease money in the Basin for long term sustainable economic growth. It is a necessity to have representatives from the County and the City. Councilmember Clark asked if other counties will be there. Commissioner Haslem stated yes, and all of the Rockies from this side of Denver will be going, Duchesne County, and Coalition from Wyoming. There will be four hearings with 500 interviews per hearing. Mr. Bennion mentioned that the letters are due before July 5th, and there is a person you can email them to. Commissioner Haslem stated that every letter counts as a point. The letters can be sent from individuals and entities. This will help get natural gas to the Asian market and the air quality will be better. Commissioner Haslem mentioned that what the County does not fill, Russia will and they are already moving forward.

Commissioner Haslem reported on the group working on Balance Utah, which falls into transportation. This would allow flights from Uintah County to where the jobs are located, such as Provo or Salt Lake City. The concern is how expensive the flights would be; however, bids so far have been \$75 or less for a round trip ticket per day. Commissioner Haslem stated that they have had companies willing to pay for it to get employees from Uintah County to the Wasatch Front to do their jobs. Currently there are 21,000 or more jobs available on the Wasatch Front that cannot be filled, and they are good paying jobs. There has been a lot of interest from businesses, government agencies, charter companies, and SkyWest. However, SkyWest does not have enough planes at this time, and it would be a year before they would be able to participate. Commissioner Haslem explained that they are trying to put it all together, because it is growing fast enough and was even presented at legislation last week. This program would help with clean air transportation, road traffic, jobs, and affordable housing. Commissioner Haslem stated that the exciting part is that once the hub is working, it can work both ways. The concept came about when North Dakota boomed and everyone from Uintah County that was going there were leaving their families here, and the divorce rate increased 35-40%. Even at \$75 a round trip flight, it is still cheaper than a \$200- \$250 a day per diem. Commissioner Haslem mentioned that another solution to decrease the cost would be to get air freight into the Basin for Fed Ex, UPS, and maybe even the Postal Service. Mr. Bennion reported that UBAOG asked him to give the presentation at the meeting on Thursday in Daggett County. Mr. Bennion mentioned they have a one minute video clip to share that shows the program statewide. Ms. Meier mentioned that Doug Brown would be there. Councilmember Dave Everett asked what happens if an individual works late and misses their flight. Commissioner Haslem stated that it does not work for everyone.

Sylvia Wilkins reported that at the last legislation session, there was a bill that went through that was for the rural co-working innovation center grant. The grant will be open from July 1st to September 1st, and the whole amount of the grant is \$500,000 for the entire State. It can be used for infrastructure to build a center and also the equipment for the center such as computers. This will help people work remotely. Ms. Wilkins stated that it could be bigger than that and be more like a business incubator with sewing machines, kitchens, etc. where people can come and try out their ideas before opening their own business. Ms. Wilkins mentioned that with only a budget of \$500,000, it would have to be a project that would take place over several years to make it

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something big. It would have to be a joint effort, and this is something we see working in our community. The \$500,000 is reallocated every year. Commissioner Horrocks asked if the County is on top of the grant application. Ms. Wilkins stated that they are as far as they can be. Mr. Bennion mentioned that he was under the impression that this program was to encourage home based businesses and a telecommuting center for those who are unable to purchase a computer or their home does not have fast internet, and they want to work from home. Ms. Wilkins stated that it is for that as well. Kent Bunderson stated that it is broad and does not just have to be a home based business center. The primary concept was to have co-working areas with a collaborative space and several different businesses that could be generated. This would help everyone in that kind of environment. There is a lot of flexibility. Mr. Bunderson stated that the money is supposed to be available come July 1st, and they are thinking about generating a proposal; however, there are still a lot of questions to determine if it would be feasible for the community. It is only for rural communities and excludes urban counties.

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

Mayor Doug Hammond

ATTEST:

Quinn Bennion, City Recorder

(S E A L)