

**Pleasant Grove City Council Work Session Minutes
September 28, 2010
6:00 p.m.**

PRESENT:

Mayor Pro Tem:

Cindy Boyd

City Council Members:

Val Danklef

Lee G. Jensen

Kim Robinson

Jeffrey D. Wilson

City Recorder:

Kathy T. Kresser

Colleen A. Mulvey, Deputy City Recorder

Others:

Scott Darrington, City Administrator

Dean Lundell, Finance Director

Tina Petersen, City Attorney

Deon Giles, Leis. Services Director

Lynn Walker, Public Works Director

Marc Sanderson, Fire Chief

Mike Roberts, Police Lieutenant

Degen Lewis, City Engineer

Libby Flegal, NAB Chairperson

Excused:

Bruce W. Call, Mayor

Ken Young, Comm. Dev. Director

Richard Bradford, Economic Dev. Director

Tom Paul, Police Chief

The City Council Members and staff met at Pleasant Grove Jr. High School, 810 North 100 East, Pleasant Grove, Utah

1. Call to Order

Mayor Pro Tem Boyd called roll for the Council and noted that Council Members Danklef, Jensen, Robinson and Wilson were present. Mayor Call was excused.

2. Pledge of Allegiance

The Pledge of Allegiance was lead by Director Giles.

3. Opening Remarks

Opening Remarks were given by Director Walker.

4. Discussion on the proposed utility rate increase

Mayor Pro Tem Boyd explained that this meeting is a work session and that we will not be making any decisions tonight and it is our hope that with this forum that we can provide the residents with a

lot of answers to the questions and concerns that were expressed.

Mayor Pro Tem Boyd stated that Mayor Call could not be present, he is away on a business trip but he did send her a letter to read to the audience. Mayor Call's letter explained that he had an out of town business responsibility and he apologized for being absent and that he was pleased to hear from so many residents last week and that he appreciates their level of participation also that our situation is not a happy one but it is simple and straight forward, the funds to support the service and maintenance to our water, sewer and storm drain systems are not adequate and that we understand the difficulty of the problem and the need for short and long term solutions.

Mayor Pro Tem Boyd said that our goal is to be able to listen to anyone who wishes to comment tonight and that we will allow time at the end of the presentation to answer any questions and hear comments from the public. The Mayor Pro Tem then turned the time over to Administrator Darrington for his presentation (exhibit A) (exhibit B is the condensed version handed out to public).

City Administrator Darrington introduced himself and explained that as a result of the public hearing last Tuesday, that he and Finance Director Lundell have put together a slide presentation that will do a better job of explaining the needs of the increase to the rates. Administrator Darrington then reviewed the details of the Utility Rates Presentation (exhibit A) which included the following: Timeline of Events; Funding City Services; Components of the Rate Study; Rate Recommendations; Secondary Water Debt; Debt Service Coverage; Timpanogos Special Service District (TSSD) Increase; Aging Infrastructure; Culinary Water Capital Projects; Pressure Irrigation Capital Projects; Sewer Capital Projects; Storm Drain Capital Projects; Proposed Rate Increase and Four Year Implementation Plan; Alternative Funding Options; Comparative Rates; Relief for Low Income Residents; Current and Future Debt. Administrator Darrington said that he is happy to answer any questions.

Mayor Pro Tem Boyd opened the meeting to the public and stated that if anyone wished to comment to please come forward and begin by stating their name and address for the record.

John Edlund, 55 East 200 North came forward and said that it seems like with a lot of our money we are bonding for a lot of things and how have we missed the guess on the secondary water price because there is a very large difference. He said that we are bonding for a lot of things and then saying that our guess was wrong and now everybody has to pay more and that most of us never heard about the bonding or the study that went in to the sewer treatment plant but that all of us are being affected by it. Mr. Edlund questioned again how we missed that far from our projected to our actual cost and how can we prevent from all of the bonding and stated that this is an expensive way to learn.

Administrator Darrington stated that he makes a good point and those are questions that we have asked ourselves as well and in trying to sort out particularly what happened with the secondary water because as the system was initially proposed eight years ago part of that system was put in with the cash reserve that was on hand but in order to finish the project there was going to be some bonding, which were the bonds issued in 2006 and 2008 for the remaining portion of that project. Administrator Darrington said that he is assuming that there was an analysis done at that time that shows if we were going to bond that amount of money then your rates need to go up and since he was not here he does not know the conversations that took place as to how to handle the increase in

the secondary water system and that he does not want to make it sound like a copout but he does not have the answers to say what happened then. Administrator Darrington said that as we look at the numbers at this point, this is what we need to do going forward in order to make up for that.

Council Member Jensen stated that with respect to the cost, if you go back to the beginning of the construction of the secondary water system and compare it with current costs, they did go up. In the past two years the cost did come down because of the economic situation and as those rates came down the city took a look at some of the projects and said that this is an ideal time to do projects because it is going to save a tremendous amount of money for the city in the long run. Council Member Jensen then pointed out that on the rate increase that one of the things that has gone on up to and including this year was that the eighteen percent that the city was allowed to retain that was being used to offset some of these costs, so if you look at our budget and how we managed to meet the budget we would go into those "rainy day" funds and supplement the budget with those funds rather than to go do a rate increase. Council Member Jensen stated that unfortunately not only you and I have experienced an economic downturn, but the city has experienced it, the growth stopped, housing has slowed down and retail markets were not coming in. Part of the problem that we are dealing with today is that we cannot dip into a "rainy day" fund that has been exhausted and the only recourse we have now is to take a hard look at not what should have been done years ago, but what we have to do today to meet the demands of bonding, to meet the demands of the services and goods that we provide to the residents of the city, short of saying that we are going to shut things down such as the Library and Recreation Center. Council Member Jensen said that part of that needs to be part of this equation as opposed to the assumption that this snuck up on us, this did not sneak up on us because we saw a shortage and we dipped into a fund to cover it in order not to raise the rates and we cannot do that now.

Don DeHoyos, 1616 North 210 East came forward and said that he didn't hear about this meeting until he heard it announced on the news last week. He asked what we are going to do now to fix this and that he wants the citizens to be informed going forward so that we are not hit with these surprises. Administrator Darrington stated that we post our agendas in our public buildings, on our website and advertise in the paper when our public hearings are and that we do our best as a city to inform people. Mr. De Hoyos stated that this is poor planning and that he is a business manager and he would be fired for this kind of poor planning and asked if the rate information from the study was a surprise to the city. Administrator Darrington said that we did not anticipate that with this rate study that was done that we would have to essentially double the rates. Mr. DeHoyos then said that somebody in the city didn't do their job and that he is asking for a commitment from our city leaders to make sure that this doesn't happen anymore. He also said that he would like us not to be committed to the storm drain capital project until we have done everything we can to exhaust our efforts to go get some of the stimulus money or other funds from the state that exist for that project. Administrator Darrington said that we are already pursuing alternative funds. Mr. DeHoyos said that you are pursuing it as a city but according to the presentation you are asking for approval of what was presented and if we approve that then we start spending that money now. Mr. DeHoyos asked that it be put off for six months and for six months he asks for an active plan where we are going to go after funds and call our state representatives that we elect and push them to get up to the capital and get us some funding rather than let these other cities have it, we pay taxes too and we deserve better.

Council Member Robinson remarked that getting input from the citizens is very valuable to us and as we move forward we are dealing with this situation that was presented to us and the easy thing to do would be to blame the past but we are taking information that has been provided to us and we are working hard to come up with solutions of how to address it. She said that if we pass it on six months and it doesn't seem to work then we could just pass it on to the next Council or the next Director. Council Member Robinson said that since Administrator Darrington and Director Lundell have recently joined our city, we have taken and gathered the information of how we can responsibly react to the situation as it stands now. We looked at the capital projects and there are numerous projects that have been rolled continually since 2006 and one of those projects is the storm drains and the easy thing would be for us to tell you that it is not as desperate as it is but those rates have been ignored for so long that we weren't even qualifying for the state funding or grants that are out there. Council Member Robinson pointed out that our secondary system was necessary for our culinary water; our secondary system cost twenty two million dollars while American Fork's project to date is forty eight million dollars and that she takes these surrounding community's rate comparisons into consideration. She said that the people who have managed our city have done it very responsibly and the tasks that some of our department heads have in doing business on a dime and passing up projects that they know and have studied and researched that are desperate for the safety and the security of our citizens. Council Member Robinson encouraged the audience to recognize that our intent is not to pass it on to the future and not blame the past; we need to find answers in order to address the needs of the future of this community.

Mr. Ryan came forward and stated that the city has a legal responsibility to place a notice of meeting in three public places and that that is not enough for all of us. He said that this is a big issue and that the city doesn't do their job in noticing, all they are doing is meeting the state obligations and that they have an obligation to the public. Mr. Ryan agreed that everything is going up and this is affecting and putting stress on all of us and that we don't have the power to make these decisions the city has the power to make this decision for our benefit in the future. Mr. Ryan remarked that when the notices are sent out it is like an engineer designs them and asks how we are supposed to make sense of them when there isn't enough information put into it to let us know what's really going to go on in the meeting. Mr. Ryan said that in being compassionate for people who might not be able to pay their utility bill that it shouldn't be hinged on the abatement by the county because they only deal with this two months a year and a decision needs to be made immediately to help people. He said that the city needs to be more compassionate and needs a better policy. Mr. Ryan again commented that the city did their job according to the state law and that we were not notified of this meeting. Mr. Ryan then asked how is this affecting commercial properties when you say that you will use some of this money down the road to put in pipes for new properties, what is the gap between commercial and residential and is the impact on commercial property higher. Administrator Darrington said that the rates are the same they are based on usage. Mr. Ryan then said that if the city decides to take some of this money to develop commercial properties why isn't the impact to the commercial development more. Administrator Darrington stated the city doesn't develop the property, the developer develops the property and pays to put in the basic infrastructure and we have certain main lines that are our responsibility to run, this is to help encourage the business growth of our city. Mr. Ryan stated that he thinks that commercial should be hit a little harder and residential a little less. A member of the audience interjected that we need to encourage business to come in to our city. Mayor Pro Tem Boyd stated that she appreciates Mr. Ryan's concern and commented that as far as the notice for this meeting, it has been noticed in the newspaper, on ours and the state's websites and on the news, so

we are just not meeting the required laws and this is one of several public meetings that we are going to have on this.

Bert Walker, 781 West 2310 North came forward and thanked the city for putting together the presentation so that he can better understand some of the challenges that you are facing. He said that he finds it confusing that a consultant has basically developed the master plan and rate increases and that he thought that we had people in the city who were paid to do this. Administrator Darrington stated that it is a choice that the city makes and a lot of times certain expertise is needed that goes above and beyond the operations that the city has and if we want to get the best detailed expert information we are better off hiring a professional consultant who does this for a living then to have the city staff do it. Mayor Pro Tem Boyd interjected and stated that the consultant makes the suggestions and you saw earlier in the presentation what that suggestion was and we as a Council and staff took that suggestion and tried to smooth it out and that we are diligently looking at ways to figure out the best possible solutions. Mr. Walker said that the information from the study that was on the city website was vague and misleading and that the study shows the median income for Pleasant Grove at seventy seven thousand dollars and the information on Pleasant Grove's website shows the median income at fifty three thousand dollars and feels that the information in the study is trying to soft sell the impact that this is going to have on the citizens. Mr. Walker said that it seems like the major impact that these fees are coming from are centered around the pressurized irrigation and the TSSD and a lot of things have been said about the composting and the smell and he feels that part of the reason their fees have gone up is because Pleasant Grove took a position and complained about the odor. Council Member Jensen stated that that is not correct; the decision by TSSD for their expansion and improvements had to do with usage and six million of that was allocated for a membrane cover to the composting and the complaints of the city were that we did not accept or believe that by covering it with a membrane was going to solve the odor problem. Council Member Jensen said that our position with the odor problem is that it affects the quality of life for our citizens who have to live with the odor and it discourages commercial development in the Grove area and our concern as a city is that it is economically impacting our city and we were looking for a different approach to composting which was either to cease composting or hauling it to an isolated area where it will not impact the population. Mr. Walker then asked why the city has to be at the point of one hundred twenty five percent coverage on the debt service, why couldn't it be less so that it would impact us less. Administrator Darrington stated that it is mandated by the bond holders, the bond agreement requires cities to maintain rates sufficient to maintain one hundred and twenty five percent coverage of debt service and that is a consistent number nationwide.

Bill Lee, 835 North 500 East came forward next and asked about information for this meeting being on KSL. Mayor Pro Tem Boyd said that she can't confirm what station it was on only that she heard it multiple times on the radio. Mr. Lee remarked that he feels that the city is not putting forth the effort. Mr. Lee then asked if there had been any second opinions. Administrator Darrington stated that with the rate study the numbers are pretty straight forward and these studies are not cheap they cost tens of thousands of dollars and that he thinks that it is not in the best interest of the city to go and spend more money on doing that, in general when you look at numbers and what the study is pointing out, not much of that is going to change. Mr. Lee said that he is not asking to spend more money on a study but is there any way that we can take and cut everything out that was possible to get away with right during this time and find something that will work then it might be a little different than the opinion we have now. Administrator Darrington stated that we as staff have already

done some of that, when we received the initial numbers back from the study we moved a couple of projects back to try to bring this price down this first year and we've made some changes that will help lessen the impact the best that we can and still generate enough revenue to account for our obligations. Administrator Darrington added that the initial results showed that we need to come close to doubling our rates so that is when we started looking into changing what we could, we don't manipulate the numbers or assign a different cost to what has already been studied and determined. Mr. Lee then asked if there is anything in what is being proposed that possibly could get cut out. Administrator Darrington said that probably our only option would be the purchase of land on the storm drain, that is something that we could possibly put off and push back, but eventually we are going to have to buy the land and we have discussed whether are we better off paying a lower interest rate now and purchasing before the land prices go up or are we better off waiting five years. Mr. Lee asked about when the three point five million dollar project for the storm drain pipes would be done and covered. Administrator Darrington said that they anticipate that they are going to cover it next fall and they want to have the whole canal enclosed by spring 2012 and we could possibly hold off and do that project in 2012 but we are running the risk that if there are any sort of delays and we have any rainy days with heavy snow pack then we will have water running down that we will not be able to deal it. Administrator Darrington said that the safe thing to do is to do that project in the summer of 2011 so that we can rest assured that we are not at risk and added that this is an expensive option for us to be prepared for something that may or may not happen that spring, we just have to have the system in place for the times that it is going to happen. Mr. Lee asked about the secondary water and was there a study on that and what happened with that and how we got off target. Administrator Darrington said that he does not know if there was a study but regardless if there is a study or not what we have now is the reality of what we have to pay. Mr. Lee said that the past dictates our future and if our projected study of secondary water was so far off what is going to give us any assurance that this study is even close. Council Member Robinson said that she agrees that that is where we are responsible as we move forward. She added that she has discussed this with the Directors and the secondary water is now at complete build out and when it was initially put in and it was just servicing the large schools, churches, etc. and as the project expanded we had some consequences and now moving forward we have a debt service that we have to be responsible for and that we cannot ignore that. Council Member Robinson said that as it was explained to her, the culinary system was in jeopardy and as we look to the future, every projection points out that over the next twenty years we will grow to over sixty thousand citizens in our community, so in our master plan and the consulting we have to look responsibly at the steps that are going to lead us in that direction. Mr. Lee stated that he thinks that as citizens we just look for somebody that is going to be responsible and take responsibility for this and we as citizens have the responsibility to hold those that state they are going to be responsible to be responsible for it.

Amy Cardon, 584 South 980 West Unit 62 came forward and stated that if there was a secondary water system put in place that cost twenty two million dollars then there most definitely would have been a study done in the past then the city should know where it is and it should have been read and studied. Administrator Darrington said that that is a fair statement and that we will definitely look into the records further to see if we can find out what happened back then. Ms. Cardon stated that she feels that we also need new processes, procedures and policies implemented to keep things in check so that when this administration is gone the next one has something to follow that can keep us on track. Ms. Cardon said that as far as notification, as citizens we need to be accountable ourselves and we have a responsibility to know what is going on in our city and our City Council can communicate

with us better than just what their state obligation is. She said that she lives out in the Grove area and there are several different community associations out there that represent over one thousand residents and there are only about eight to ten water bills for all of those residents so a letter in the water bill does not reach one tenth of those citizens. Ms. Cardon mentioned the abatement process and that it will not help these residents with financial issues because when you are billing one association for two hundred residents the user is treated as one entity. Administrator Darrington said that we have had discussions on that and we have not come up with a solution to it, we recognize that not everybody pays property tax directly to the county, the abatement is just one way to look at it and we are committed to trying to find some ways to help with people who are on a lower income scale that don't pay property taxes. Ms. Cardon stated that when you compare our costs to American Fork's that you have to consider the size of their area and developments and residents and says that they have one hundred times the amount of businesses that we have. She asked that on the TSSD issue, do we have other options besides using them. Administrator Darrington said that our option as a city would be to build our own water treatment plant which is very expensive and said that the idea of having a sewer district is that you have more people paying into it so technically speaking we would be paying less than if we tried to treat it ourselves. Administrator Darrington mentioned that Santaquin City is putting in their own water treatment plant and they are raising their sewer rates three hundred percent in order to pay for that. Ms. Cardon asked if we have looked into Santaquin's system and joining with them. Administrator Darrington stated that the issue is just the cost of getting the sewer from here to Santaquin, it would be cost prohibitive. Ms. Cardon then asked about the aging culinary water system and have we calculated our worst case scenario for putting off repairs. Administrator Darrington said that with the worst case scenario if every water line in the city broke, or the main line broke, we know because of the age of our system that the best we can do is to try to stay ahead of that and get those lines replaced so we don't have as many break down. Administrator Darrington added that we can't predict what is going to happen and we try to account for what we think might happen and unfortunately for some of these costs we have to pay for the worst case scenario in the event that it does happen. Ms. Cardon asked about the TSSD increases and is there any wiggle room in this rate implementation plan for additional expenses that may come up and you will need to pass on to us in the next five years. Administrator Darrington said that that is something that we would evaluate when the rate increase is passed on because this is not a perfect science and these are projections and if we were to get a rate increase from TSSD next year, we would take a look at the budget to see if we can absorb it with the current revenues and don't have to pass it on to the citizens, this is something that we evaluate on a yearly basis. Ms. Cardon asked if that is part of a policy that is in place with the city. Administrator Darrington said that the policies and procedures that we are in the process of putting together and moving forward with are that we have an in depth look at our rates every year and do an analysis to make sure that our rate structure is where it needs to be.

A resident named Steve came forward next and said that he is sure that the city had a professional figure out the pressurized irrigation system when it started but that he has noticed that every year we have lost money on it and if this plan continues to lose money would you re-evaluate and find a different plan. Administrator Darrington said that the cost was borne through the bonds and the pipes are down in the ground so we have spent that money and the infrastructure is in place and now we need to start paying that money back, we are obligated to make those payments.

Michael Gain, 1496 West 50 North asked about the Murdock canal project and what benefits will we

derive from that. Administrator Darrington said that the main benefit is that we get additional water for our secondary system; it's figured that we are going to save about ten percent of the water by piping it rather than it evaporating. Mr. Gain said that we are paying for the piping, etc., and asked what our return on investment is. Administrator Darrington said that he is not exactly sure what the value of the ten percent of the water is as far as water rights are concerned, we as a city are very interested in any opportunities to obtain water shares, certain shares are over ten thousand dollars so it's not cheap to get a hold of water shares. Mr. Gain stated that maybe there is an opportunity to sell some shares. Administrator Darrington said that part of our stance right now is that we are trying to capture whatever available water we can and if there is a point where we have enough secondary water then we could sell and that those are options that we will look at each year but for right now we need that water. Mr. Gain said that he just wants to make sure that we are looking at options and wants to echo what has been said about learning from the past and that we know that the debt is there but we need to know exactly what the numbers are, where the study is and what contracts were made and to look at the past and to make sure these same mistakes are not made for the future. Administrator Darrington stated that that is a very good point and it is something that we talk about internally quite a bit, that we are more responsive to the public, that we are more transparent with the information readily available. Administrator Darrington added that if anyone has any questions with regard to this or any questions with regard to the city that they can call him and he will go over it with them, his direct number is 801-922-4529 and his email address is sdarrington@pgcity.org. Administrator Darrington said that the best way to stay informed is to attend the Council meetings and that as a staff we are committed to making sure the public has all of the information that they want, our time is your time and we are working to improve communications.

Kabe Little, 560 Loader Drive came forward and said that under the assumption that the study is valid and that the city has mentioned that they want to address the issue responsibly it is pretty apparent that we need to do something, we have the project with the cover of the canal and we need to work with them, there is nothing we can do with TSSD because in this economy having our own treatment plant is outrageous to consider. Mr. Little said that when we talk about addressing this responsibly that he thinks that the city has only gone half way because the responsible thing to do would be to cut out everything possible that we don't need before taxing the people who need that money for their needs. He said that the option of cutting the amenities was discussed and thinks that we should cut the amenities like the golf course, the library and asked how it makes sense to take real cash out of our pockets to pay a rate increase when we are already paying a two hundred thousand dollar deficit on the golf course. Mr. Little said that he does not understand why the city does not come to that conclusion that we should get rid of the amenities the residents don't need them. Council Member Danklef remarked that in regards to the golf course there are bonds on the golf course that the city has an obligation to pay. Mr. Little said that he does not buy that we have bonds and made a commitment that we can't get out of, everybody in the country made a commitment and we are all here now in this economy, what happens now. Council Member Jensen added that it would be irresponsible of this City Council, staff and for the citizens if we default on the bonds that would impact our bond rating. Council Member Jensen said that the fact that you feel as an individual that all amenities should be thrown out is fine, if we were to decide to get rid of any of these amenities such as the recreation program then we would have to move this meeting to the UVU auditorium because every citizen in this community who has children would be there. Council Member Jensen stated that there are groups in this city that would stand up and protest against you for cutting out their program, so the answer to this fifteen dollar a month increase is not to over react by shutting down everything

we have in the city. Mr. Little said that it is not only the increase, that is what brings everyone here tonight, but that you have a golden opportunity to do the right thing make the hard decisions and the common sense decision is to get rid of things that are costing us money that we do not need. Council Member Robinson stated that she appreciates his opinion and that she knows that this economic situation is the perfect storm, and personally as a small business owner she understands that we are all suffering. Council Member Robinson said that in speaking with young families to senior citizens, everyone has their opinions and that they all differ and we have to consider all of our citizens equally and we are trying to address a current issue and plan for our future without a certainty of what the economy is going to do and that we can't get drastic and close all of our amenities.

Don Newman, 911 Mahogany Drive came forward and said that he appreciates the comment about the golf course and said to not close the golf course just raise the prices. Mr. Newman then referred to the storm drain issue, the land purchase of over seven million dollars, that he understands that any new development that the developer has to develop the property which includes the storm drain on that property. Administrator Darrington said that that was correct that there are requirements with new development that the city puts on them to detain the water that they are creating; however there is a larger system that the city is partially responsible for and it would be these detention basins where we would hold the larger amounts of water, such as containing the water coming off the city streets. Administrator Darrington said that the seven million dollars is for that land for us to detain that water and that is not counting all of the ditches that we are going to put in with future growth and that impact fees could pay for a portion of this future land and that is something that we will look at each year to determine if we need the bonds to pay for it. Mr. Newman stated that when you are getting the fees from the developers they can donate this property to the city as they develop and that he feels that the seven million dollars is not needed. Mr. Neman then asked who did the rate study and where are they from. Administrator Darrington said it was done by Lewis, Young, Robertson and Burningham, Inc. and they are located in Salt Lake City, they do these types of studies for cities all across Utah. Mr. Newman said that when the city did the comparison on the utility bills why wasn't Provo or Orem included. Mayor Pro Tem Boyd stated that they cities with the same population and similar water systems were chosen.

Dan Noziska, 960 North 1050 East came forward next and asked Council Member Wilson how long he had been on the Council and does he remember recommendations for rate increases over the last four years. Council Member Wilson said that he has been on the Council for two terms and that he doesn't remember exactly why we held off on the rate increases and the previous administration realized that we needed to do this rate study and now this has been brought up and we are realizing that this needs to be done. Council Member Wilson stated that our new administration is doing a good job and they are trying to take charge of this now and move forward in the right direction. Mr. Noziska asked Mayor Pro Tem Boyd the same thing. Mayor Pro Tem Boyd said that this is her second term and that anytime that we have a rate increase we have a rate study, we have used Lewis, Young, Robertson and Burningham, Inc. for the entire time that she has been involved. Mr. Noziska asked if she remembers anything this drastic. Mayor Pro Tem Boyd said "no, not across the board," she said that there has not been one where we have touched all of the utilities at the same time. Mr. Noziska then asked Council Member Jensen how long he had been on the Council and did he know of any rate studies prior to this. Council Member Jensen stated that he is starting in his fifth year on the Council and that no study had been done to this extent. Mr. Noziska asked if anyone had ever addressed that the secondary water system was twenty million dollars in the hole. Council Member

Jensen said that it was discussed and he explained that with the secondary water system residents did not get a secondary water bill until they got secondary water, so you could say that there could have been better foresight for that way back in the beginning when the system was being put in eight years ago we should have charged every household in the city for the secondary water even though they were not going to get the secondary water for four or five years. Council Member Jensen said that unlike some other cities who charged their residents for secondary water from day one even though some residents were not yet on the system, they chose to begin to gather the funding from day one and this city chose to start billing secondary water users when they actually got secondary water. Mr. Noziska then asked if we have any idea what the balance is in the storm drain fund. Administrator Darrington said that we have purchased some property out of that fund and the reserve is gone. Mr. questioned what was done with the money because in the fifteen years since they had started that fund that he doesn't remember seeing too much in the way of storm drain work. Director Walker explained that for the storm drain system there are three employees who take care of the maintenance, and purchasing property is the most expensive part of the fund and it is also used for projects such as upsizing the piping underneath the freeway. Mr. Noziska asked if the money for all this is maintained in the storm drain fund or is the general fund used for emergencies other than maintenance or operations. Administrator Darrington said that the only money that goes to the general fund is money that is charged in administrative fees out of each of our funds, for instance the Public Works Director's salary is a general fund expense. Mr. Noziska commented that he does not understand the ratio of the numbers for the secondary system and the storm drain in what the city is asking in fees and that it seems that the city is borrowing twice as much and it is going to cost us more. Mr. Noziska asked if they could provide the accounting of the secondary and storm drain fund. Administrator Darrington said that he could do that. Mr. Noziska then asked in regard to the canal enclosure are there improvements that are going to be required to the utilities other than the storm drain. Administrator Darrington said that there would be, there will be costs associated with the utility relocation that the city will be accountable for and we don't know exactly what those costs are, we are currently in negotiations with PRWUA and we are estimating that it will be less than four hundred thousand dollars. Mayor Pro Tem Boyd added that the city has been diligently negotiating with PRWUA; the original cost was one point six million dollars for the utility relocation.

Vaughn Mayo, 50 North 1300 East came forward and asked about the bonds and if we were obligated to continue to pay them to maturity or can we pay them off early. Administrator Darrington said that you can pay them off early once you reach a certain point, there is a recall feature but for the most part for the first ten years you are not allowed to pay it down. Mr. Mayo said that it is his understanding that a lot of this increase is because of all of the bond obligations that we have which is approximately thirty million dollars right now and we are projected for another twelve or thirteen million in the next four years and we are only paying off about two million a year and asked if there is a way that we can pay these off faster so that we are paying less interest. Administrator Darrington said that the rate study projects that the cash that will be generated with the rate increase will pay the debt service according to the schedule that is listed; if we want to pay it off earlier then we would have to increase rates more now. Mr. Mayo then offered the suggestion of using volunteers and asked if there are ways that we can utilize citizens as volunteers to be trained to operate things such as the snow plows in the winter to save on costs or work in other areas to help to reduce the debt. Mayor Pro Tem Boyd said that there may be some liability issues but that she thinks that there are many opportunities throughout the city where volunteers can help. Administrator Darrington commented that we are required to have certified people working on our systems. Mr. Mayo said that there are a

lot of people who have experience and are extremely knowledgeable and that to utilize these people is another way that we can help to protect our future. Mayor Pro Tem Boyd stated that she appreciates his comments and pointed out the fact that our volunteers within the city are saving us a lot of money and that a lot of our amenities will not function without these volunteers.

Alan Willis, 853 Grovecrest Drive stated that he has had some of the same concerns and one that he had that has been answered multiple times is when we talk about getting the word out, and if we really want to know what is going on in our city, we have the responsibility to find out and that it is our civic responsibility. Mr. Willis stated that if he buys an automobile and signs the contract then he is obligated to pay and has integrity when he says that he will do something and on the secondary water we are obligated to pay the bill. Mr. Willis said that he is also on a fixed income and knows how difficult things are but that we have made obligations and that he feels that we need to fulfill them.

Steve Leedom, 1049 East Grove Drive came forward and thanked the city for this opportunity tonight and that he has learned a lot. He then asked if he could get a printout of the annual salaries of the city managers. Mayor Pro Tem Boyd replied that he would be able to find the salaries on the city's website.

Mayor Pro Tem Boyd explained that the Recorder Kresser has compiled a summary of information on all of the resolutions and ordinances that were changed regarding utility rate increases over the past ten years and that this information will also be available on our website. Administrator Darrington added that the PowerPoint presentation that we reviewed tonight is also available on our website.

Winton Scoville, 695 E Cherry Hill Drive came forward next and asked if this was going to be the last public input allowed on this. Mayor Pro Tem Boyd said that she is inclined to think that we will have another public session on this. Mr. Scoville asked if we could address specifically what things the Council as the governing body of the city have done to cut back in preparation leading up to this issue tonight because it appears that we are trying to maintain the same standard of living when the economy is wonderful. Mr. Scoville then said that he is confused about the bonding and asked that on the one hundred and twenty five percent was the extra twenty five percent interest paid to the bond holders. Administrator Darrington said that it is not, it is just that they want to know that our rates are not only covered in the obligations that we have but that we have money that is going into the reserves and we need to make sure that we have some reserves on hand for any unforeseen issues. Mr. Scoville asked about the enterprise fund and if it would be possible to get a PowerPoint presentation or explanation at the next meeting about the profit and loss and where we are exactly in all of that. Administrator Darrington explained that as a city we cannot operate in the red so when revenues don't cover our expenditures such as the sewer then we dip into the reserve fund to make that up but as soon as that reserve fund is gone then we are stuck and have problems. that is what we are proposing now, we do have some reserve funds that we will use over time but ideally we need to have something in place so that we are operating each year in the black. The more money that we are able to set aside means that there are certain projects in the future that we can pay cash for as opposed to having bonds. Administrator Darrington said that it is not an exact science as we look at our revenues and projections each year, we do the best we can to figure out where we are at but if we ever end up with excess money it stays within that fund and goes for future projects, it is not something that we turn around and put back into the general fund to help pay salaries, etc. Mr.

Scoville then thanked the citizens and the Council for being involved with the citizens at this meeting because on both sides it has been very uncomfortable and that he thinks that in the last two meetings this has been handled with a sense of dignity.

Ned Thompson, 312 North 960 East came forward and mentioned that this is the second worst recession with bankruptcies and that anytime you add ten, fifteen or twenty dollars it impacts people's lives and impacts in a lot of people leaving this community. Mr. Thompson questioned the necessity of these projects and the timing because it is not the right time to do this. He mentioned volunteers and working together on projects to free up money and that together as a community if there is a need then people will step up. Mr. Thompson said that there is much concern about the increase and that we should look at every single alternative and come up with solutions that will help us.

A resident named Karen came forward next and thanked the Council and administration for the presentation and said that it was very informative and that she still has a lot to understand. She asked why the Murdock canal is being covered because it seems that because of that it is costing a lot of expense to the city. Administrator Darrington said that this project has been in the works for about fifteen years and the main reason is for water conservation, currently there is loss of water due to evaporation and seepage and if it is piped it will save water for the future and there are also safety issues as part of the reason. She asked who made this decision for the city. Mayor Pro Tem Boyd said that the city has been involved from the beginning with the discussions and we will benefit in the long run by saving water and we will have an incredible trail through our city. Mayor Pro Tem stated that we have negotiated with PRWUA and the county and the bulk of the cost for covering the canal is not put on the city and it will be a great benefit to us in the long run. Karen then questioned when the fifteen dollar late fee on the utility bill had been established. Administrator Darrington said that earlier this year it was implemented to charge an additional five dollars on to the ten dollars late fee if your bill if it is not paid on time and this is to cover the cost of the personnel who send out the extra notice and who have to go out and shut off the water. She said that there is no grace period and that is hard to swallow.

Mayor Pro Tem Boyd asked if there was anyone else who wished to comment at this time, there was not, the Mayor Pro Tem then closed the meeting to the public.

Council Member Robinson stated that she also feels more informed and that our administrators and staff have an open door policy, they are all willing to sit down with you and go over these issues and the master plan or anything that you need to know about the city. Council Member Robinson encouraged the citizens to seek out this information so that they can become more informed and reminded them that the City Council meets every Tuesday at six o'clock.

Council Member Jensen stated that he wanted to acknowledge how many volunteers the city has who volunteer in areas such as the Fire and Police departments, the Recreation department, the Library, the golf course, Strawberry Days, the Promenade, the Heritage Festival, the Planning Commission, the Design and Review Board, the Neighborhood Advisory Board, the PG Players and the Arts programs. Council Member Jensen said that we have hundreds of volunteers and that he does not want people going away thinking that we do not have a volunteer program because the city is actively involved in volunteerism and that these people make these programs better than they would be otherwise.

Mayor Pro Tem Boyd stated that we as the Council and Mayor are trying to do our best to be as informed through our Directors and through our staff and all of the things that we have to do to make the best possible decisions for the future of the city. The Mayor Pro Tem then asked the Council if they were in favor of having one more public meeting to discuss this issue. Administrator Darrington interjected and said that all of our meetings are public meetings and the question is whether or not we will have another public hearing. Mayor Pro Tem Boyd stated that that is correct and that she would like another public hearing, Council Members Wilson and Danklef agreed.

Council Member Jensen said that he is not opposed to a meeting but questioned what the purpose of holding another meeting was. Mayor Pro Tem Boyd stated that there was a strong indication that not a lot of people knew about the meeting tonight and we do have additional questions that can be answered and it will be up to the citizens whether they make the effort to come here and listen to the things that they brought up.

Mayor Pro Tem Boyd asked the citizens to stay aware, to check online or with City Hall for the next meeting time and that we will do our due diligence to get the word out.

5. Discussion on the items for the October 5, 2010 City Council meeting

a. Discussion and possible action on the downtown road alignment and Civic Center options

Administrator Darrington stated that Director Young has put some scenarios together for the Council to look at on this.

b. Temporary zoning ordinance

Administrator Darrington said that this discussion will be on the temporary zoning ordinance for the Grove Interchange area and the particular uses that we as a city would like to see out there.

6. Mayor, City Council and Staff business

- Council Member Danklef stated that he has taken notes and would like to have the opportunity for the Council to discuss and digest some of the information from tonight and to make some assignments of who is going to do the research and what the research is going to entail.

Administrator Darrington said that Director Lundell has been taking notes and that we think that we have most of what the public has asked for future clarification on and that he would like the Council and staff to email their notes and thoughts and questions so that they can make sure that everything gets covered. He said that as part of what we can do at our work session is we can have these discussions as to how we can handle this so when it comes time to make final proposals on rates, hopefully we've answered the questions the best that we can. Administrator Darrington said that we had set aside the meeting on October 19th to propose these rates so if they were approved we could put them into effect on November 1st,

but if we don't feel like we have satisfactorily answered the questions that have been asked of us, we can push that back for another month.

- Mayor Pro Tem Boyd thanked everyone for participating tonight and hopes that everyone will continue to stay involved with the discussions and hearings that we will be having.

The Mayor Pro Tem and Council signed the Sun Ridge Plat A and Majestic Meadows Plat B Condominium Plat

ACTION: At 9:40 p.m. Council Member Wilson moved to adjourn the meeting. Council Member Robinson seconded and the motion passed unanimously with Council Members Danklef, Jensen, Robinson and Wilson voting "Aye."

7. Adjourn

Meeting adjourned at 9:40 p.m.

This certifies that the Work Session Minutes of September 28, 2010 are a true, full and correct copy as approved by the City Council on November 16, 2010

Colleen A Mulvey, Deputy City Recorder