

Pleasant Grove City Council Minutes
November 30, 2010
6:00 p.m.

PRESENT:

Mayor:

Bruce W. Call

Council Members:

Cindy Boyd

Val Danklef

Lee G. Jensen

Kim Robinson

Jeffrey D. Wilson

City Recorder:

Colleen A. Mulvey, Deputy City Recorder

Others:

Scott Darrington, City Administrator

Dean Lundell, Finance Director

Tina Petersen, City Attorney

Ken Young, Comm. Dev. Director

Richard Bradford, Economic Dev. Director

Deon Giles, Leis. Services Director

Lynn Walker, Public Works Director

Marc Sanderson, Fire Chief

Tom Paul, Police Chief

Degen Lewis, City Engineer

Sean Allen, City Planner

Excused:

Kathy T. Kresser, City Recorder

The Mayor, City Council and staff met in the City Council Chambers at 86 East 100 South, Pleasant Grove, Utah

1. CALL TO ORDER

Mayor Call called roll for the Council and noted that Council Members Boyd, Danklef, Robinson and Wilson were present and that Council Member Jensen would be arriving late.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was lead by Mayor Call.

3. OPENING REMARKS

Opening Remarks were given by Council Member Robinson.

4. APPROVAL OF MEETING'S AGENDA

Mayor Call stated that business items "B" and "C" will be pushed back to be discussed at next week's meeting.

ACTION: Council Member Wilson moved to approve the agenda with removing business items “B” and “C”. Council Member Robinson seconded and the motion passed unanimously with Council Members Boyd, Danklef, Robinson and Wilson voting, “Aye.”

5. CONSENT AGENDA (Consent items are only those which have been discussed beforehand, are non-controversial and do not require further discussion):

MINUTE REVIEW AND APPROVAL:

- a. City Council and Work Session Minutes:
Work Session Minutes for October 12, 2010
City Council Minutes for October 17, 2010
- b. To consider approval of paid vouchers (November 23, 2010)

ACTION: Council Member Boyd moved to approve the consent agenda items. Council Member Wilson seconded and the motion passed unanimously with Council Members Boyd, Danklef, Robinson and Wilson voting “Aye.”

Council Member Jensen joined the meeting at 6:02 p.m.

6. OPEN SESSION

Mayor Call explained to those present that if an item is not a public hearing or not on the agenda, they were welcome to come forward and address the Council.

Dennis Remy, 564 North 1030 East came forward and asked if anything had changed or been modified since the last public hearing on the utility rate increase.

Mayor Call stated that we have, on the proposal from two weeks ago it had an average first year increase of fifteen dollars and fifty five cents and what we have done is gone back to look at equalizing those increases over the four years. He said that the major change that’s been done is that the first year increase is now dropped down to ten dollars and sixty cents.

Mr. Remy then asked about the Hammons hotel project and was there an agreement with the city to provide them with less water rates than what the rest of us pay. The Mayor replied “no,” the Council has asked staff to work and look at this so that commercial users and residential users don’t pay different rates.

Mayor Call asked if there was anyone else who wished to come forward and address the Council for this open session, there was not. The Mayor then closed the meeting to the public.

7. BUSINESS

A. TO CONSIDER FOR ADOPTION A RESOLUTION (2010-049) AMENDING TITLE 8 CHAPTER 1 “WATER WORKS” SUBSECTION 5-D “WATER SERVICE CHARGES,” CHAPTER 4C “TIMPANOGOS SPECIAL SERVICE DISTRICT” SUBSECTION 12 “FEES,” CHAPTER 5 “STORM WATER UTILITY FEE” AND CHAPTER 9 “CITY PRESSURIZED IRRIGATION SYSTEM” SUBSECTION 2

“USER FEES,” BY INCREASING THE UTILITY RATE FEE TO ADEQUATELY SUPPORT EACH UTILITY (CITYWIDE IMPACT)

Administrator Darrington explained that in our discussions on this utility rate increase it has always been structured that the first year we were going to increase the rate to fifteen dollars and fifty five cents on average for the residents. He said that one of the things that we were asked to do was to smooth that rate so that over the next four years the residents would be paying the same increase each year over the four years instead of our initial proposal which was fifteen dollars and fifty five cents in the first year and about eight and a half dollars for the second, third and fourth years. Administrator Darrington said that we were able to set it up and structure it so that it would be ten dollars and sixty cents each year over the four years. He said that everything points towards 2014 where we were going to have a certain rate structure in place by then and the way that it is being proposed now as opposed to the way it was originally proposed to the public is that by 2014 the same rates will be achieved. The proposal on the table right now saves the residents some dollars up front, uses a little more of the reserves and there is a portion where we are bonding as opposed to trying to do a “pay as you go,” and this was all in an effort to try to lessen the impact right away on residents and stretch this out a little bit further. Administrator Darrington said that what is being proposed right now is that there will be an increase starting January 1, 2011, on an average of ten dollars and sixty cents; however on the pressurized irrigation (secondary water) we will hold off and not start charging until April of 2011. Mayor Call interjected to clarify that that is an average because we are looking at the tier structure for those rates even more. Administrator Darrington said that is with our current tier structure with secondary water in place and that number is three dollars and forty nine cents. The Mayor said that in January residents will be seeing an average increase of the ten dollars and sixty cents minus the three dollars and forty nine cents. Administrator Darrington said “yes,” it will be seven dollars and eleven cents on average increase then another three dollars and forty nine cents in April 2011 and then with the promise that we made to the residents that in that interim before April we will look at the tier structure and maybe some residents with larger lots will be paying more than the three dollars and forty nine cents. Administrator Darrington said that he can’t imagine that it is going to go down any less than that but as we look at that tier structure we will see how that works. He said that this current rate proposal is on a four year plan and our fiscal year budget of 2012 which we adopt on July 1 of 2011, that the second round of rates will go into effect at that time, which will be another increase of ten dollars and sixty cents.

Mayor Call expressed that this is an important point that we are running late into our fiscal year already, so let’s remember that the adoption of rates takes place at the beginning of the fiscal year. The problem is the fiscal year is July 1st for 2012; we are six months behind on this fiscal year, so we will have the rate increase on January 1, 2011 and then for the 2012 fiscal year increase on July 1, 2011.

Administrator Darrington stated that this current proposal will adopt rates for 2013 and 2014 and we have promised to look at the rates each year and if we have found that there is some savings or a way to reduce the rates then we will present those at our budget time each year. He added that with the way that this is structured there will not be any more public hearings; the public hearings were on the four year plan and if there are no changes over the next four years these are the rate tables that we will be using. The Mayor commented that it is still part of the annual budget where we will review the rates. Administrator Darrington said that when we adopt our

budget we do have a public hearing at that time in regards to the budget so if the citizens wanted to comment on the utility rates that would be appropriate.

Administrator Darrington pointed out that there is a typographical error in this resolution (2010-049) on item number six where it reads that this rate change is effective beginning September 21, 2010; the date should be January 1, 2011. Mayor Call stated that if the motion is adopted then we can add that change.

Council Member Boyd asked about the tier table on item three for the pressurized irrigation from eight thousand to twenty one thousand square feet and said that is not what we are adopting and that she would still like to have some discussion on that tier structure. Mayor Call said that this is the existing tier structure and we've got between now and April 2011 to take a look at this and discuss this. Council Member Boyd suggested putting an asterisk that clearly indicates that this is the current rate and that we are looking to revise the tier structure. Council Member Jensen added that we need to note that for all of the tables not just the pressurized irrigation table. Attorney Petersen stated that it would be appropriate to put that in the motion.

Council Member Robinson asked if this brings us up to par as far as becoming eligible for the bonding for the drinking water revenue bonds. Director Lundell stated that it should, with this we will be able to show them that we have rates in place that are sufficient to pay our operating cost and pay our debt because that is what they needed to see.

Council Member Jensen stated that he wants it noted that the initial recommendation and what the rate increases should have been which was a sixty one percent increase in the first year because it is important for the public to see where we are at now as compared to where we were on the initial recommendation. He pointed out that the effective rate increase for budget year 2010 is about four dollars and fifty cents a month which is way below what was originally discussed and he thinks that it is important for the public to see that this elected body together with the staff has had the public's interest at heart and understood the pain and suffering that it was going to cause.

Council Member Boyd said that she appreciates the participation on the public's part and the citizens that have taken the time to come forward and help us to be as transparent as we can in our decisions. She also stated that she appreciates the staff and their efforts with us on this to make this an educated decision with the knowledge that we needed to have as a Council.

Council Member Danklef stated that he has thought a lot about the rates and what we are doing and as he has looked at how badly we are bleeding, he doesn't think that we need to put a band-aid on it but that we need a tourniquet. He said that he is not comfortable with raising the rate in January and then in April and then in July, and thinks that we ought to just go to the 2012 rate immediately and be done for eighteen months and then follow the schedule after that.

Mayor Call said to clarify that he is suggesting lumping what will happen in April and in January, a ten dollar and sixty cent bump then and another ten dollars and sixty cents in July; you are saying that you would rather see us do a twenty one dollar and twenty cent bump in January. Council Member Danklef replied that that was correct. The Mayor asked the other Council members if they had any interest in that.

Council Member Robinson stated that she thinks that we have come up with a good solution and that she wants to continue to educate the public that the staff that are using these funds are using them responsibly and continue to show them different ways where Public Works, Recreation, the Police and Fire Departments responsibly handle their budgets.

Council Member Jensen said that he would be receptive to the ten dollars and sixty cents which includes the secondary water going into effect in January because to postpone it for three months makes it a bit confusing to have three rate increases from January to the first of July. He said that as far as going straight to the 2012 rate, we need to be responsive to the public's concerns and if we as a city can withstand not having that income for six months that he thinks that in good faith we have told the citizens that we listened, we heard and we acted.

Council Member Boyd asked about the recordkeeping/billing and the timeframe on doing all of these different rate adjustments and will it be cost prohibitive. Administrator Darrington said that to change the rate in the computer is not a big deal.

Administrator Darrington remarked that we have represented to the public all along that we were not going to raise the secondary rate until April and the other part is that we want to do a comprehensive study on the tier structure on the secondary water and we won't have that ready by January 1st. Mayor Call stated that he agrees completely, we have got to remember that throughout the entire process we always represented to the public that the secondary rate would not jump until the secondary water was available which is in April.

Council Member Danklef stated that he is not comfortable with us buying land for storm drains, he said that as he looks at the economy and everything that is going on he thinks that we are two years away from bottoming out, so to go out and bond for purchases of property at this time doesn't make any sense to him. He said that he would rather take the four million dollars that is in the sewer reserve funds and pay cash for things rather than bond and that is why he suggests that we go to the 2012 rate because then we wouldn't have to do additional bonding in the short term.

Mayor Call asked about the breakout on the capital expenditures, other than the Lindon Hollow issue which is an immediate project. Director Lundell stated that it has different amounts in different years but they weren't necessarily tied to specific pieces of property; if we get the rates in place we can accrue that storm drain money into a fund, accumulate that and just buy property as we go.

Council Member Jensen asked if we have adopted a schedule for purchasing land. Mayor Call said "no," but what we have is an outline of different capital expenditures including land purchases. Administrator Darrington said that the key is that the rates get increased because that gives us flexibility and whether we bond or whether we pay as you go, that can be decided down the road. He said that by adopting these rates it does not tie us into any sort of schedule on the purchase of land, part of the rationale that we have used in proposing this is that we don't know if land prices will be the same or lower in a few years.

Council Member Robinson mentioned that she remembers hearing Director Walker say that for three years in a row the storm drain budget was approved and for three years in a row several storm drain projects were deferred. Director Walker replied that that was correct. Council

Member Robinson stated that we keep referring to the past and not moving on things and this is just another example if we don't prepare for some of these projects that are already scheduled and planned. Administrator Darrington added that the list that we have for storm drain has fourteen projects of which none of them have been completed, some have been partially completed. He said that part of the planning is looking at the immediate needs, what property we absolutely have to buy and put the piping in because we are having flooding in that area and in the past those things were talked about but there was never a revenue stream to actually do that, if we adopt the rates we have the revenue stream and we can look at our options and find out what the direct needs are. Council Member Robinson commented that this is for the management of storm drains; it is much more than land purchases.

Administrator Darrington said that this got represented as just land but part of it is the piping and the infrastructure and not just the actual raw land. He said that when we do our budget each year we will present to the Council the capital projects that we propose to be completed each year. Administrator Darrington said that he thinks that in the past sometimes projects were approved on the Council level but then the funding was pulled on the administrative level and that is not going to happen, if it is going to be pulled on the administrative level it will be with the knowledge of the Council, there are not going to be administrative decisions made contrary to what the Council adopts as part of the budget.

Mayor Call said that in regards to Council Member Danklef's point, that adopting these rates gives us the flexibility to say that now we have enough in the reserve fund to make a land purchase with cash on hand versus bonding. Administrator Darrington said that he thinks that it is understood that this first increase in storm drain is going for Lindon Hollow and the piping in Battle Creek and Grove Creek because those projects have the immediate need and in the next year we are not going to be buying any land.

Council Member Danklef said that in looking at the numbers on the capital projects for sewer and storm drain and if you take the land price out and the Battle Creek and Grove Creek projects, for all of the other capital projects through 2015 we have enough money on hand were we could go out and pay for it all right now if we weren't subsidizing utility rates. Administrator Darrington said that part of the smoothing is that we are using a portion of the sewer reserve fund to help subsidize all of the other rates, so we don't necessarily have four million dollars to put towards a project. Council Member Danklef said that that is the reason why he would like to see us raise it up enough to where we don't have to dip into those reserves; it's going to cost you money in the long run because when you borrow money you've got to pay interest. He said that he would rather raise the rates to a level to where we don't have to use our reserves and we go out and immediately take care of all of these projects, bid them, get them done and pay cash. Administrator Darrington stated that that is for the Council to decide.

Mayor Call stated that he appreciates Council Member Danklef's viewpoint and that that is a good fiscally responsible point of view and then he asked the other Council members if Council Member Danklef's point changes with anybody.

Council Member Robinson stated that that is a goal that we are working towards and want to be at. Council Member Jensen agreed.

Administrator Darrington said that as far as the staff is concerned we are pay as you go, if the money is there, that is our preference and if it gets to the point where we feel like we need to bond then we come back and sit down with the Council and discuss the options, we are not going to borrow any money unless you say we can. He said that it needs to be clear that when we talk about these rates how we got them down from fifteen dollars and fifty five cents to ten dollars and sixty cents over the four years was bonding for sewer projects that initially we were not going to bond for.

Mayor Call asked if anyone else had anything more to say.

Council Member Danklef stated that he just has a different point of view and admits that he has only been on the Council since January but it appears to him that the city has been in a mode of reacting to things rather than being proactive and he recognizes and admits that we are all trying to get to the proactive state, he would just like to get there a little sooner.

Mayor Call asked if there was any further comment or discussion, there was none. The Mayor then read the resolution and asked for a motion.

ACTION: Council Member Jensen moved to adopt Resolution 2010-049, establishing new Culinary, Pressurized Irrigation System, Storm Drain and Sanitary Sewer monthly rates with the understanding that staff will be directed to look at the tier structure tables for Culinary Water, Tables 101, 121 and the Pressurized Irrigation Tables and that the rate change is effective beginning with the January 1, 2011 bills. Council Member Boyd seconded and the motion passed with a four to one vote with Council Members Boyd, Jensen, Robinson and Wilson voting “Aye,” and Council Member Danklef voting “No.”

B. TO CONSIDER FOR ADOPTION A RESOLUTION (2010-056) ADOPTING A LOW INCOME PROGRAM FOR UTILITY PAYMENTS (CITYWIDE IMPACT)

The item was continued to December 14, 2010.

C. TO CONSIDER FOR ADOPTION A RESOLUTION (2010-057) AUTHORIZING THE MAYOR TO SIGN THE AMENDED HAMMONS HOTEL PROJECT AGREEMENT

The item was continued to December 14, 2010.

8. NEIGHBORHOOD ADVISORY BOARD AND STAFF BUSINESS

- Engineer Lewis said that part of the State Street project that UDOT has on their long term plan is the intersection at 220 South and State Street which will eventually be signalized, they have recently studied it and found that that intersection does not warrant a traffic signal at this time.
- Director Young mentioned the upcoming ordinances that they will be presenting to the Council in the near future; 1) Plan and Plat requirements; 2) the Grove Interchange Uses; 3) Fencing, Security Fencing for Public Utility and Private Landowners; 4) Facilities for Disabled Persons and Other Rehabilitation Facilities.

- Director Giles thanked everyone for attending the Tree Lighting Ceremony last night in the Downtown Park.

Mayor Call remarked that the tree looked good and passed along a thank you to all of the employees who worked to make that happen.

- Chief Paul reported that the message went out last week through the City Watch messenger regarding not parking on the street in anticipation of the snow storm. He said that it should have called every home with the message and that this program can be used for anything we need it for; we have free access to it through the county.

Administrator Darrington said that that announcement also went out on our Twitter site and to the subscribers of our email updates.

- Administrator Darrington said that they had met with MXD to discuss using their services and we let them know that we are very interested in what they have to offer but that we don't feel like we can pay for it right now. We specifically discussed the Interchange area and ways to get it planned better and part of what MXD has to offer is that they will help us talk to businesses and help recruit businesses to the area.

Administrator Darrington reported that they had a conference call with CAPPa to discuss Blue Energy, earmarks and appropriations and everything right now is still in the Department of Energy (DOE) and they have let us know that they are still working on it. We are continuing to stay in contact with the DOE about our status, we are ready to go on our end, and we are just waiting on them.

9. MAYOR AND COUNCIL BUSINESS

- Council Member Robinson thanked the Recreation Department for their work on the Christmas lights.
- Council Member Jensen said that it is his understanding that Manila Water has around two hundred fifty thousand dollars in a fund that can be moved over to the city. Director Lundell explained that that came from when Manila Water started on their express bill pay and that money will be transferred to us to be used to pay the city for the money that Manila Water owes us.

Council Member Jensen mentioned the older feasibility study done for the Hammons hotel project and wonders if it makes sense to undertake a new feasibility study due to the standpoint of current conditions. He asked what the arrangement is in the event that the revenue being generated, if the forecast of this feasibility study proves to be inaccurate to the extent that that kind of revenue is not being generated and it will not satisfy the bond payment, who makes up the difference for the bond payment. Attorney Petersen stated that in the amended and restated agreement it makes that the obligation of the Hammons organization. Administrator Darrington stated that we have had that discussion with Jason Burningham in regards to taking a look into those projections that were made,

particularly as we refinance this bond and when the increment is starting to be generated we are concerned about that gap and the agreement that we are working on with them now is going to help get that into place so if there is a gap then Hammons will be responsible.

Council Member Jensen inquired about the two hundred and two thousand dollar payment to TSSD and asked if that was a monthly payment and does it reflect the second increase from them. Director Lundell said that it is the monthly payment and it does reflect the increase. Council Member Jensen then asked what kinds of income we are getting off the sewer to meet this monthly obligation, are we above or below what we need. Administrator Darrington stated that the idea was that the number we needed was an additional six dollars per month from residents for the TSSD increase, but we haven't raised sewer rates that high and it might be a couple of years before the sewer rate actually covers the cost of the increase. Administrator Darrington said that we have lumped it all in with the smoothing plan and the idea was that we were not going to put the full charge of the TSSD increase on to the residents right away.

Council Member Jensen asked if the discussion had been resolved about the yearend employee bonuses. Mayor Call said that it had, it was part of the budget discussion. Council Member Jensen said that in lieu of the fact that there were no pay increases is there any consideration on giving the employees an extra day off at Christmas or at New Years as a gesture to them that we appreciate their service. Council Member Wilson said that that would be a problem for scheduling with the emergency/public service staff. Council Member Jensen replied that that could be worked out.

Mayor Call asked if there were any restrictions should the Council decide to do something like that. Attorney Petersen replied that there are not, it is the Council's decision.

It was decided by the Council that employees would get four hours of administrative leave to be used on Christmas Eve or New Years Eve with the stipulation that it is scheduled ahead of time through the Department Heads so that there is coverage in each department.

- Mayor Call briefly reviewed the agenda for next week's meeting and asked if there were any questions on the business items, there were none.

10. SIGNING OF PLATS

No plats were signed at this time.

11. REVIEW CALENDAR

Administrator Darrington mentioned that on December 14th there is a work session meeting planned and Dennis Baker will do a brief presentation to the Council.

12. APPROVE PURCHASE ORDERS

Mayor Call asked if the Council had reviewed the purchase orders and in that there was no discussion, the Mayor asked for a motion.

ACTION: Council Member Jensen moved to approve the purchase orders for November 30, 2010. Council Member Robinson seconded and the motion passed unanimously with Council Members Boyd, Danklef, Jensen, Robinson and Wilson voting “Aye.”

13. ADJOURN

ACTION: At 7:21 p.m. Council Member Wilson moved to adjourn the meeting. Council Member Jensen seconded and the motion passed unanimously with Council Members Boyd, Danklef, Jensen, Robinson and Wilson voting “Aye.”

This certifies that the City Council
Minutes of November 30, 2010 are a true,
full and correct copy as approved by
the City Council on January 18, 2011

Colleen A. Mulvey, Deputy City Recorder