

COUNCIL WORK MINUTES
FEBRUARY 18, 2026

The City Council held a meeting on Wednesday, February 18, 2026, at 5:30 p.m. in the City Council Chambers, 10 North Main Street, Cedar City, Utah.

MEMBERS PRESENT: Mayor Steve Nelson; Councilmembers: Robert Cox; Waldo D. Galan; R. Scott Phillips; Phil E. Schmidt; Carter Wilkey.

STAFF PRESENT: City Manager Paul Bittmenn; City Attorney Randall McUne; Finance Director Terri Marsh; City Recorder Renon Savage; City Engineer Kent Fugal; Fire Chief Mike Phillips; Leisure Services Director Ken Nielson; Senior Engineer Jonathan Stathis; Staff Accountant Lindey Matheson.

OTHERS PRESENT: Tom Jett, Ann Clark, Scotty Harville, Joe Sandbert, Caleb Rees, Tonya Payne, Bill Payne.

CALL TO ORDER: Director Greg Powell, Past President for the Interfaith Alliance representative for the Church of Jesus Christ of Latter-day Saints gave the invocation; the pledge was led by Councilmember Galan.

AGENDA ORDER APPROVAL: Phillips – Mr. Cuff has had difficulty getting here because of the weather. If he makes it, we will address his item at that time. Councilmember Phillips moved to approve the agenda order with that change; second by Councilmember Cox; vote unanimous.

ADMINISTRATION AGENDA – MAYOR AND COUNCIL BUSINESS; STAFF COMMENTS: ■ Honoring Rob Cuff, Retiring Utah High School Activities Association Executive Director. **Scott Phillips/Jon Oglesby, USG** – Mr. Cuff did not make it to the meeting.

AUDIT PRESENTATION. CALEB REES/TERRI MARSH: **Caleb Rees** – we review your financials and issue opinions on the accuracy. Thank you to your full-time staff, they are very helpful in gathering information, Terri and Lindey are both new and were very helpful. You received an unqualified opinion which is the highest opinion you can receive. Pg 85 of the audit report addresses the internal controls, you as a council have a role, I look over the minutes, as you look over the expenditures and budgets you do play a role. If you have questions about a line item, ask, if there is fraud that occurs, ask questions. With proper segregations of duties there were no issues. Pg 87, you receive Federal money and must have a single audit. The program that received testing this year was the Airport, you received a clean opinion on that. **Phillips** – we received Federal money for the Fort Cedar Railroad Trail, but it went through UDOT. **Paul** – it was awarded to us, but the State of Utah was responsible for how it was spent. The FAA money came straight to us. **Wilkey** – if we have multiple Federal monies, do you pick one? **Caleb** - not necessarily one but meet a certain threshold. Page 92 shows the Federal money, some small, some large, over 90% is Airport improvement. Page 95 is State compliance. The rules of what I look at, some are yearly, some are on a rotating basis. Staying within budget, we look to see if you did that. Did you run a negative fund balance. You did comply with State Law. Capital Assets, page 42, \$15 million in infrastructure. We also have \$15 million in infrastructure in water and wastewater, and a net of \$30 million going back into infrastructure. Long term debt, page 44, no new

issuance and you want to manage your debt, and it is being managed. I didn't come across anything with concerns. **Phillips** – did I read that we have \$5.5 million in debt in the general fund and \$20.6 million in the water fund? **Caleb** – yes. **Wilkey** – is one of the water revenue bonds an interest only bond? **Caleb** – 2023B. **Mayor** – I checked into that; they are all amortized.

Terri – I appreciate Calebs work on the audit. I want to thank the finance staff, especially Lindey Matheson, she did a lot of the heavy lifting, her help was invaluable. Exhibit "A" was reviewed.

Wilkey – does the sales tax count the RAP and TRT Tax? **Terri** – no.

CONSIDER PROPOSALS FOR ENGINEERING DESIGN OF THE PRESSURE REDUCTION AND CHLORINATION PROJECT. JONATHAN STATHIS: Jonathan

- we discussed this a month ago. The city needs to comply with a stipulated order with the Division of Drinking Water. We have to submit a report by December 1st; it also includes work to connect to the Water Conservancy District (WCD) and to reduce pressure in the Quichapa area. We sent an RFP for engineering design and received three proposals, AE2S, Jones & DeMille and Hansen Allen & Luce. They were scored with 100-point total and AE2S received the highest points and the lowest price. They are the firm that worked with the design of the filtration plant at WWTP. Their fee is \$570,598. **Galan** – why is Hansen Allen & Luce so much higher? **Jonathan** – I don't know, they did have a larger team. **Cox** – are we concerned we are getting similar bids with the other two? **Jonathan** – I don't know that it is big enough to be concerned. AE2S provided us with all the elements we requested. **Cox** – we don't want a lot of change orders. **Jonathan** – the RFP was written quite tight; it is pretty straight forward. **Wilkey** – do they take it through completion of the project or is it just design? **Jonathan** – it is through construction. **Schmidt** – the next item is a change order, if they are designing the project, where is it tied together? Can't AE2S also model it. **Jonathan** – it is similar to a private developer. We have modeling done so they know the design parameters. Hansen Allen & Luce is most familiar with the models, if someone else does it they will have to put more work into it. **Cox** – maybe we need to look elsewhere, they are very expensive. **Wilkey** – the modeling is \$20,000.

Councilmember Schmidt moved to put this item on the consent agenda; seconded by Councilmember Wilkey; vote unanimous.

CONSIDER CONTRACT MODIFICATION/CHANGE ORDER #4 WITH HANSEN, ALLEN & LUCE FOR WATER MODELING SUPPORT ON THE PRESSURE REDUCTION AND CHLORINATION PROJECT. JONATHAN STATHIS: Jonathan

- we could go out for proposals to hire another consultant. We have a consultant that does sewer and storm drain modeling. **Mayor** – they get the contract and then everything we ask them to do it is a change order. **Jonathan** – yes and they do the modeling for developers also. **Wilkey** – how often do we go out to contract? **Paul** – Public Works we do yearly, but we haven't done this for a few years. **Wilkey** – is it good to have different engineers look at it or is it good to have one. **Jonathan** – it doesn't matter either way. **Schmidt** – it is like the cemetery, I have had a couple projects that had to modeled by this company and I think we could do a lot better, their design was not workable. If we are moving in a direction to the WCD, we should get on board with them. I am not impressed with this firm. **Kent** – when we

went through the last master plan, we offered different consultants and flushed out different models, so it made sense to retain the same modelers and work with the developers since they are not starting from scratch. The next time we go out for master plan on the categories there is an opportunity for competition, and someone will have the opportunity to get the contract, and I would anticipate they do the additional ongoing modeling. That is why it makes sense to keep the same modeler until the next master plan. **Wilkey** – what contract is the change order is this for? **Jonathan** – the Cedar Canyon Master Plan. **Phillips** – a change order to the original contract. **Mayor** – it is a good discussion. This is a time sensitive project. If we were to bid for modeling it would delay our ability to get the project designed. We are kind of tied to reality. **Schmidt** – I would think they already have it done. Is this a double dipper. **Jonathan** – they modeled it as a high level, now it is specific. I can ask if they will come down in price. They know the most about the project and it would be best to stick with them.

Councilmember Wilkey moved to put this item on the action agenda; seconded by Councilmember Phillips; vote unanimous.

REVISION TO A PORTION OF CITY ORDINANCE SECTION 32-9 REGARDING SIDEWALKS. KENT FUGAL:

Kent – what we heard from council in December, we revised what we were proposing. The major change from the original proposal is (a), see Exhibit “B”, the ADA ramps and the master planned trails and side paths. In (b) we address sidewalks. There was no consensus on the time frame, I put 2 years in this draft, it is from the date of completion assurance or bonding and that is from state law. **Wilkey** – if I am a builder and I buy a lot, before I get a Cof O, does the developer put it in or is it between the builder and buyer, and when does the warranty start, does every house have a different warranty date? **Paul** – yes, each one is different. **Wilkey** – what is side path, is it to get to a trail? **Kent** – a multi-use path or trail along the roadway that replaces the sidewalk. **Phillips** – is this only for each phase of the development? **Kent** – yes. **Wilkey** – is this for all residential zones? **Kent** – all zones that require sidewalks. **Schmidt** – it is hard to pour water meter collars, where does the warranty start, what are we doing with collars? **Kent** – collars can go in and the sidewalk can match up. **Schmidt** – you would have to hand pour; you can’t use a machine and that is how they are being done now. **Mayor** – the developer can decide if they want to hand pour or use a machine. **Schmidt** – machines do a great job. We just did a big subdivision, 4,000 or 5,000 feet of sidewalk and then we came back and formed the barrels, I want to know what we are going to do. **Paul** – is a single homeowner doing a sidewalk in front of their home going to use a machine. **Wilkey** – the State forced us to 18 months; we are extending it 6 months. **Schmidt** – does the developer still get the letter of acceptance, the streetlights and water barrels are a problem with sidewalks. To get acceptance so the warranty of the subdivision begins, do you have to have the sidewalks poured? **Cox** – it is to save resources and money. **Phillips** – are we creating other issues. **Schmidt** – can we get letter of acceptance without the other things not being done? **Paul** – no. **Wilkey** – if you are pushing it on to the homeowner, they are not going to use a machine. **Mayor** – you are accepting everything but the sidewalks, but the meters would be poured. The machines would be used if the developer does it all up front. **Schmidt** – the developer wants to be out of it; we don’t want to warranty another 2 years. **Wilkey** – I think 2 years is a good place to start, we can change it later if we don’t like it. **Phillips** – we just need to make sure we have what needs to be put in. **Schmidt** – not just the developer, but the contractor also. I want to pour the meters; I don’t want a 2-year extra warranty time. **Randall** – we will

give a letter of acceptance for everything except the sidewalk. The city doesn't get a warranty from anyone other than the developer. **Cox** – you can start the clock ticking on the water and sewer line before the sidewalk? **Schmidt** – if a builder has a building on the lot, is the contractor liable? **Mayor** – that is between them, we don't get involved in that. **Kent** – Jonathan and I were talking about the wording on (b), would there be a misunderstanding of it being improved if it didn't meet standards. I am proposing to say improve/replaced to bring it to city standards. **Mayor** – to get Cof O it has to be done. **Kent** – that was not in the packet.

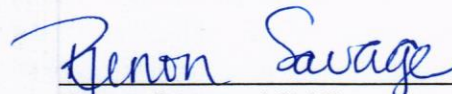
Tom Jett – I buy a lot in a subdivision and there are not any sidewalks, do I have 24-months, when does the time start? **Paul** – the developer has to put the sidewalk in. **Randall** – when the bond goes in, and that happens when we record the final plat.

Councilmember Phillips moved to put this item on action; second by Councilmember Cox; vote unanimous.

CLOSED MEETING – PROPERTY NEGOTIATIONS: Councilmember Phillips moved to go into closed meeting at 6:35 p.m.; seconded by Councilmember Cox; roll call vote as follows:

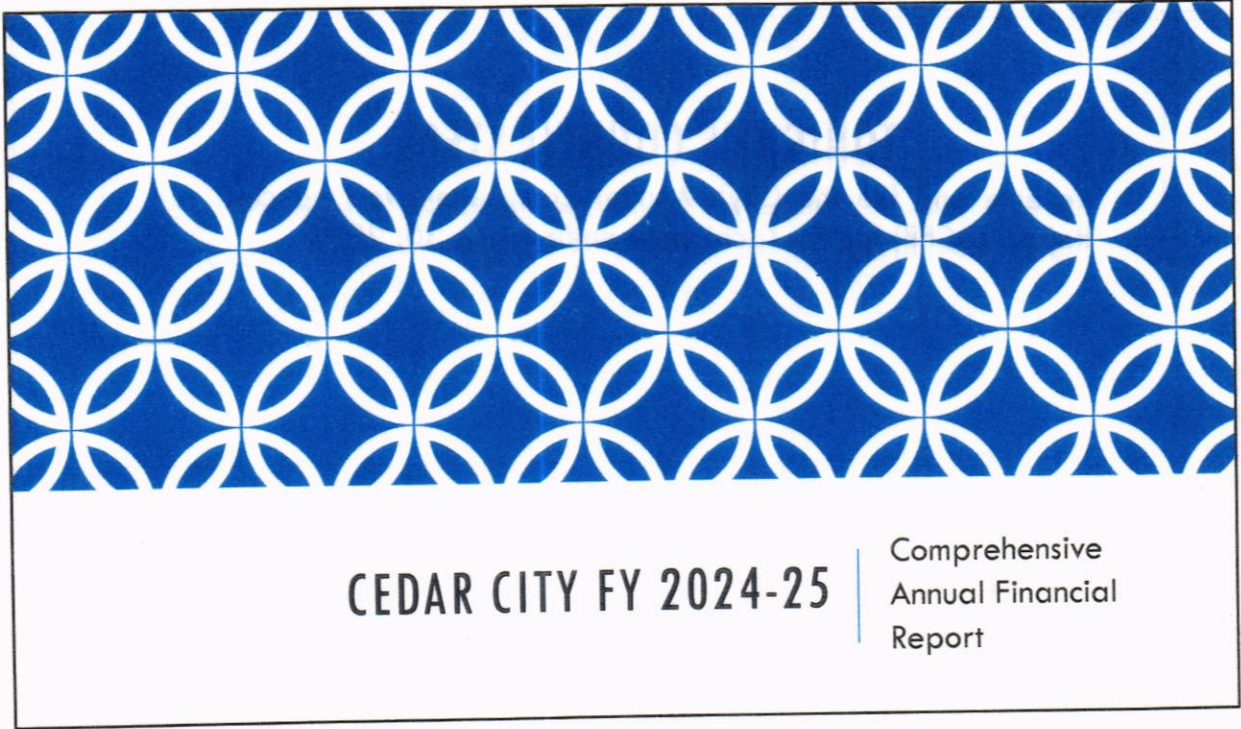
Robert Cox	-	AYE
Waldo Galan	-	AYE
Scott Phillips	-	AYE
Phil Schmidt	-	AYE
Carter Wilkey	-	AYE

ADJOURN: Councilmember Phillips moved to adjourn at 6:57 p.m.; second by Councilmember Schmidt; vote unanimous.



Renon Savage, MMC
City Recorder

EXHIBIT "A"
CITY COUNCIL – FEBRUARY 18, 2026



Good evening honorable Mayor and City Council.

TONIGHT'S COUNCIL STEPS

Receive and file the City's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025

The recommendations for this item is to receive & file the annual audit report. Also, I have the page numbers in the audit report that back up the information in the coming slides. If you want those references, just let me know.



COMPLIANCE & ACHIEVEMENTS

Audit of 2024-25

Let's start with compliance & achievements

COMPLIANCE

Unqualified (Clean) Opinion

ACHIEVEMENTS

- 7th Year for Audit Firm
- Cedar City's first Transmittal Letter introduces the report

An unqualified opinion is the best possible audit result — it means auditors didn't find problems that would question the accuracy of the City's financial reporting.

The audit firm of Rees CPA have now **completed 7** audits for the City.

We also had the very first transmittal letter, which is signed by the City Manager and Finance Director. The easy-to-understand transmittal letter gives insight into where the City has been, what is happening now with projects and in the local economy, and the plans and goals of the City for the future. It will help give readers a feel for the City.



GENERAL FUND

Audit of 2024-25

Let's take a look at the all-important General Fund.

Why is the General Fund So Important?

Pays for General (Basic) Services such as:

Police & Fire Services

Maintaining Streets and Parks

Engineering, Building Inspection & City Planning

Leisure Services & Community Events

Economic Development

Streets

Maintenance of City Records & Municipal Code

Library

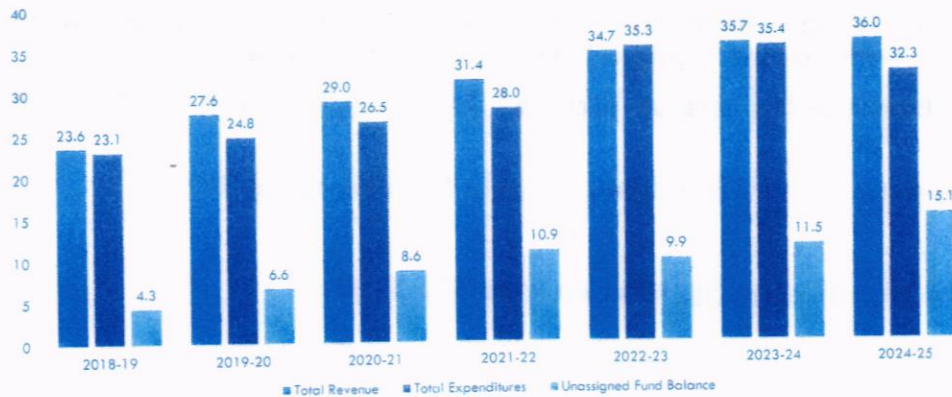
Administration, Legal, & Finance

General services, or another way to phrase it, basic services are funded and planned for in the General Fund.

The General Fund funds the core services residents rely on daily, including police and fire, streets and parks, planning, community services, the library, and city operations.

HISTORICAL VIEW OF THE GENERAL FUND

IN MILLIONS



(PAGE 19 & 21)

The city's finances have been steadily improving. We're bringing in a bit more money than we spend most years, which helps grow our savings. That gives us a cushion for unexpected costs and helps keep services stable.

General Fund Revenues

- Sales Tax increased 6% in 2024-25 due to increase in prices and growth of the City
- Property Tax revenue increased 3.46%, even though the tax rate went down. This increase was from increase in property values and growth in the community
- Electrical Franchise Tax revenue increased 14.39% as electrical rates went up and growth in commercial
- Interest Revenue from the Investment of public funds increased 55%

Overall, the total of operating revenues were \$35.5 million

(Page 19, 21) Sales tax, the largest component of the City's revenues, continues to rise as the prices of goods continued to rise and the City added more residents.

Rising home values and new home sales are boosting property tax revenue, our second largest income source. The tax rate went down even though revenue went up. I will illustrate that in a minute.

The Utah Public Service Commission approved about a 4.7% residential electricity rate increase in 2025 and this caused our Electrical Franchise Tax revenue to increase significantly.

The City's investment of public funds did very well last year. We usually only budget \$50k in the General Fund every year due to the volatility of the bond market. However, the total of General Fund cash and investments ended the year at \$ 21 million which is 18% higher than FY2023-24 due to prudent managing of cash and monitoring of expenses.



Let's take a brief look at our 2 largest revenue sources – sales tax & property tax. Here you can see the upward climb of our sales tax. Keep in mind there was no long, continuous economic downturn in the United States from 2015–2025 – We must keep our reserves close to the allowed maximum to prepare for the inevitable downturn.

SALES TAX BREAKDOWN

Source	Rate	% of 6.75%	\$ per \$100 sales
State of Utah	4.85%	71.85%	\$4.85
Iron County	1.80%	26.67%	\$1.80
Cedar City	0.10%	1.48%	\$0.10
Total	6.75%	100%	\$6.75

There are a lot of misconceptions about how much sales tax Cedar City receives on purchases. This chart can help clarify that.

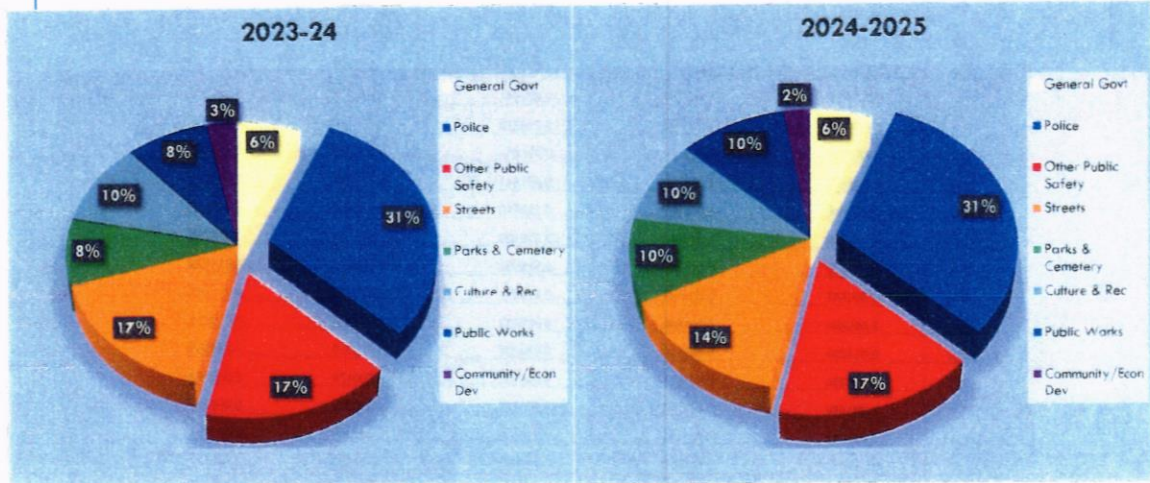
Basically, what it says is, for every \$100 in taxable sales, the City gets **10 cents** in local sales tax. Since the city only gets one-tenth of one percent, it takes about \$1 billion in sales to generate \$1 million in revenue. So, sales in the city last year were around \$13.5 billion.

PROPERTY TAX RATE HISTORY

Tax Year	Cedar City	Iron County	Iron County School District	Water Conservancy District	Total
2011	0.003535	0.002206	0.007541	0.000717	0.013999
2012	0.003844	0.002387	0.008273	0.000779	0.015283
2013	0.003808	0.002367	0.008042	0.000768	0.014985
2014	0.003541	0.002230	0.007681	0.000719	0.014171
2015	0.003246	0.002067	0.006912	0.000664	0.012889
2016	0.003100	0.001990	0.006488	0.000643	0.012221
2017	0.002777	0.001723	0.006053	0.000576	0.011129
2018	0.002635	0.001648	0.006371	0.000551	0.011205
2019	0.002494	0.001595	0.006212	0.000537	0.010838
2020	0.002393	0.001528	0.005937	0.000510	0.010368
2021	0.002250	0.001434	0.005035	0.000474	0.009193
2022	0.001884	0.001200	0.004917	0.000398	0.008399
2023	0.001745	0.001133	0.004718	0.000375	0.007971
2024	0.001607	0.000794	0.004740	0.000355	0.007496
2025	0.001583	0.000780	0.003255	0.000349	0.005967

As promised, here is a slide regarding property tax rates. As you can see Cedar City's tax rate has been declining. To put this chart in simple terms, for every dollar of property tax paid, Cedar City receives only a very small portion — roughly sixteen-hundredths of a cent — with the rest going to schools, county, and other taxing entities. To illustrate this for every \$100 of taxable property value, Cedar City receives roughly 16 cents in property tax.

2024-25 GENERAL FUND OPERATING EXPENDITURES



(Page 21) Let's talk about General Fund operating expenses for a second. As you can see, most of the budget goes toward keeping the community safe and maintaining essential services, while a smaller portion supports amenities, administration, and long-term investments. In the coming years, I will have the auditor separate Building Inspection from Fire in the audit report, so we can get a clear picture of what percentage our first responders are.

GENERAL FUND RESERVES

2023-2024		2024-2025	
Unassigned Fund Balance	11,533,000	Unassigned Fund Balance	15,070,621
Committed for Contingency	-	Committed for Contingency	-
Restricted	2,481,289	Restricted	2,625,097
Non-Spendable	183,386	Non-Spendable	188,604
TOTAL \$14,197,675		TOTAL \$17,884,322	

(Page 19) The unassigned fund balance, which could be used during an economic downturn, increased by \$3.5 million . (21%) This was a result of an excess of operating revenues over operating expenditures.

The percentage of unassigned fund balance of 15 million is 41% of total operating expenditures of 25.3 million. Another way of saying that is that the City could operate on the unassigned fund balance until November during the fiscal year, without needing any income. Of course, that would never happen, but it speaks to a healthy unassigned fund balance.

The accumulation of a fund balance in the city general fund **may not exceed 35%** of the total revenue of the city general fund for the current fiscal period according to State law. The city has strong reserves — about 42% of annual revenue. While that’s above the typical state guideline, reserves help protect services, support future projects, and maintain financial stability. We’ll continue evaluating how best to use these funds responsibly.



ENTERPRISE FUNDS

Audit of 2024-25

Now let's turn our attention to the Enterprise Funds

WATER FUND CURRENT FINANCIAL OVERVIEW

- After paying bills and investing in major projects and assets, the Water Fund overall finances improved by \$5.2 million in 2024–25 to \$112.7 million (Net Position)
- As of June 2025, the Water Fund had \$15.1 million available for major projects. The 2025–26 budget includes about \$30 million in planned projects, some of which may be funded through up to \$24.5 million in borrowing
- Rate study is currently being conducted.

(Page 23 & 25) In our Water Fund, we had \$15.1 million available for major projects as of June 2025. Looking ahead, the 2025–26 budget included about \$30 million in planned water projects, some of which may be funded through borrowing.

We're also currently conducting a rate study to make sure future water rates stay sustainable and support these needs.

SEWER CURRENT FINANCIAL OVERVIEW

- \$145k Gain in 2024-25. Normal Operations Only
- Total Sewer Unrestricted Fund Balance available for Capital Projects at end of 24-25 fiscal year = \$5.9 million. Capital Projects Budget for FY25-26 was \$929k
- Rate study is currently being conducted.

(Page 23 & 25)

In our Sewer Fund, we had \$5.9 million available for major projects as of June 2025. Looking ahead, the 2025–26 budget included about \$929,000 in projects

We're also currently conducting a rate study to make sure future sewer rates stay sustainable.

SEWER PLANT CURRENT FINANCIAL OVERVIEW

- (\$71,842) Decrease in 2024-25. Normal Operations Only
- Total Sewer Plant Unrestricted Fund Balance available for Capital Projects = \$12.1 million. Capital Projects Budget for FY25-26 was \$1.5 million
- Rate study is currently being conducted.

(Page 23 & 25)

In our Sewer Plant Fund, we had \$12.1 million available for major projects as of June 2025. The 2025–26 budget included about \$1.5 million in projects

We're also currently conducting a rate study to make sure future sewer plant rates are sufficient.

STORM DRAIN CURRENT FINANCIAL OVERVIEW

- \$929k Gain in 2024-25. Normal Operations Only
- Total Storm Drain Unrestricted Fund Balance available for Capital Projects = \$1.7 million. Capital Projects Budget for FY25-26 was \$1.7 million
- Rate study is currently being conducted.

(Page 24 & 26)

In our Storm Drain Fund, we had \$1.7 million available for major projects as of June 2025. The 2025–26 budget included the same amount.

We're also currently conducting a rate study to make sure future storm drain rates are appropriate.

SOLID WASTE CURRENT FINANCIAL OVERVIEW

- \$365k Gain in 2024-25. Normal Operations Only
- Total Solid Waste Unrestricted Fund Balance available for Capital Outlay = \$2.3 million. Capital Projects Budget for FY25-26 was \$469k for a garbage truck and work truck

(Page 24 & 26)

In our Solid Waste Fund, we had \$2.3 million available for major projects as of June 2025. The 2025-26 budget included 469k for equipment.



QUESTIONS?

Audit of 2024-25

EXHIBIT "B" - CITY COUNCIL - FEBRUARY 18, 2026

Revision to a portion of City Ordinance 32-9 regarding sidewalks

C. Required Subdivision Improvements: The following improvements shall be required in all subdivisions and also PUDs where specifically indicated herein:

1. All streets shall have sub-base, and minimum two and one half (2 1/2) inch oil mat from curb to curb in accordance with Cedar City's engineering standards;
2. Signs in accordance with Cedar City's engineering standards;
3. Street drainage and drainage structures shall be provided in accordance with Cedar City's engineering standards and City storm drain system master plans;
4. The subdivider shall install sanitary sewers as approved by the City Engineer in accordance with Cedar City's engineering standards and City sewer system master plans;
5. Water mains having a diameter of not less than eight (8) inches shall be installed in accordance with Cedar City's engineering standards and City water system master plans;
6. Easements shall be provided, and fire hydrants and water meters installed to City specifications;
7. Curbs and gutters shall be installed in accordance with Cedar City's engineering standards;
8. Underground utilities shall be installed within the subdivision (these utilities shall include electricity, natural gas, telephone, cable T.V. and street lights; a subdivider may have the option of installing appropriate overhead utilities in any portion of the subdivision in which overhead utilities existed at the time of the presentation of the preliminary land use application where such utilities could serve that portion of the subdivision);
9. Sidewalks, ADA ramps, master-planned trails and side paths for the ~~entire~~ subdivision where streets front lots (including lots with frontage on more than one street) in the subdivision shall be installed in accordance with Cedar City's engineering standards. Where a street does not front lots on both sides, the sidewalks, ADA ramps, master-planned trails and side paths along the side of the street not fronting lots can be omitted;
 - a. ADA Ramps and pathways shall be installed as follows, prior to acceptance of the subdivision public improvements for City maintenance:
 - (1) ADA ramps at all street corners; and
 - (2) Master-planned trails or side paths.
 - b. All sidewalks are to be constructed and accepted along street frontages within two years after the date the completion assurance for the sidewalks is posted. Notwithstanding said two-year allowance, the portion of the public sidewalk to be constructed within a public right-of-way and located immediately adjacent to any new construction or site development must be completed or improved/replaced to City standards and receive City acceptance prior to the issuance of a certificate of occupancy.
 - c. Notwithstanding the above, a developer may install sidewalks for the entire subdivision at any time prior to the expiration of the two-year completion assurance.

CITY COUNCIL CLOSED MEETING
FEBRUARY 18, 2026

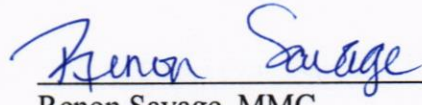
The City Council held a closed meeting on Wednesday, February 18, 2026, at 6:38 p.m. in the Council Chambers at the City Office, 10 North Main, Cedar City, Utah.

MEMBERS PRESENT: Mayor: Steve Nelson; Councilmembers: Robert Cox; Waldo Galan; Scott Phillips; Phil Schmidt; Carter Wilkey.

STAFF PRESENT: City Manager Paul Bittmenn; City Attorney Randall McUne; City Engineer Kent Fugal; City Recorder, Renon Savage.

PROPERTY NEGOTIATIONS:

ADJOURN: Councilmember Phillips moved to adjourn at 6:57 p.m.; second by Councilmember Schmidt; vote unanimous.



Renon Savage, MMC
City Recorder