MINUTES OF THE WORK/STUDY MEETING OF THE SPRINGVILLE CITY COUNCIL HELD ON TUESDAY, OCTOBER 6, 2015, AT 5:15 P.M. AT THE CIVIC CENTER, 110 SOUTH MAIN STREET, SPRINGVILLE, UTAH.

Mayor Wilford W. Clyde presided. In addition to Mayor Clyde, the following were present: Councilmember Richard Child, Councilmember Craig Conover, Councilmember Dean Olson and Councilmember Chris Sorensen, City Administrator Troy Fitzgerald, Assistant City Administrator/Finance Director Bruce Riddle, Assistant City Administrator/City Attorney John Penrod, and Deputy City Recorder Jennifer Grigg.

Also present were: Public Works Director Brad Stapley, Power Director Leon Fredrickson, Public Safety Director Scott Finlayson, Building and Grounds Director Alex Roylance, Recreation Director Corey Merideth, Library Director Pam Vaughn, Community Development Director Fred Aegerter, Golf Pro Craig Norman and Administrative Services Manager Rod Oldroyd. Excused from the meeting Councilmember Chris Creer.

MAYOR AND COUNCIL DINNER – 4:45 P.M.

The Mayor and Council will meet in the Council Work Room for informal discussion and dinner. No action will be taken on any items.

CALL TO ORDER

Mayor Clyde welcomed everyone and called the meeting to order at 5:15 p.m.

COUNCIL BUSINESS

1) Calendar
   - October 12 – Columbus Day (Library Closed for Annual Training)
   - October 13 – Work/Study Meeting 5:15 p.m.
   - October 20 – Work/Study Meeting 5:15 p.m., City Council Meeting 7:00 p.m.
   - October 31 – Halloween (City Down Town Trick-or-Treat 3:00 p.m. – 5:00 p.m.)
   - November 01 – Day Light Savings Time Ends
   - November 03 – Election Day (No City Council meeting)
   - November 10 – Work/Study Meeting 5:15 p.m.

Mayor Clyde asked if there were any questions or additions to the calendar. There were none.

2) Discussion on this evening's Regular Meeting agenda items
   a) Invocation – Councilmember Child

b) Pledge of Allegiance – Councilmember Conover
c) Consent Agenda
    1. Approval of City purchase orders required to be signed per Springville City Code §2-10-110(5)
    2. Approval of Minutes

Mayor Clyde asked if there were any questions regarding the regular agenda. There were none.

3) DISCUSSIONS/PRESENTATIONS

a) Signs – John Penrod, Assistant City Administrator/City Attorney

Assistant City Administrator/City Attorney, John Penrod, stated that Councilmember Conover had several questions in regards to signs. Attorney Penrod recently had reviewed a Supreme Court case involving sign ordinances. He reviewed several signs in particular that are located throughout the City, and observed that oftentimes signs are placed in the right-of-way, which is against City ordinance. He stated that the City does not have a lot of places for organizations to advertise their events, and explained that off-premise signs are also not allowed.

Another question is whether the sign or ordinance is content neutral or content based. Attorney Penrod stated that if the sign is content neutral, then it becomes a matter of time, place and manner types of signs. Signs that are content neutral are narrowly tailored and the governmental interest is both neutral and legitimate. Content based signs are focused on message under strict scrutiny.

Attorney Penrod reviewed a recent Supreme Court ruling involving a sign ordinance from the Town of Gilbert, Arizona, in the Ninth Circuit. The Town of Gilbert came up with 23 sign exemptions; however, the Supreme Court only focused on three exemptions: ideological signs, political signs and directional signs. The Court found that ideological signs were the most favored under the ordinance. Ideological signs have no time limit and are 20 square feet in size. An example of an ideological sign would be something such as "*I hate recreation centers*."

The Court stated that this is the most protected form of speech because it deals with how people feel; therefore, ideological signs are given the most favorable preference. The Court stated that political signs could be placed anywhere if they met the size requirement of 16 square feet and 32 square feet. Political signs can be out 60 days prior to the Primary Election, but must be down 15 days after the general election. Political signs can be placed anywhere. The Court found that directional signs could be out 12 hours prior to the event but must be taken down one hour after the event. These directional signs must be sponsored by religious and/or non-profit organizations and can be placed on private property and/or in the right-of-way.

Attorney Penrod stated that if one entity is allowed to advertise in the right-of-way, then all entities must be given the same allowance. It was noted that the ordinance cannot speak as to what is on the sign. Attorney Penrod stated that if a forum is opened for signs, then all signs need to be allowed.

Attorney Penrod suggested various options for sign ordinance requirements. The first option would be to make no changes to the current ordinance. The second option is to open the right-of-way forum, which would allow for all types of signs and advertisements. Thirdly, the City may choose to open a forum at a certain location only. Fourth, the City may choose to allow some off-premise or on premise signs. In these cases, signs can be up to 32 square feet, with up to four signs being allowed. Attorney

Penrod stated that temporary signs could also be allowed and the time limit for temporary signs would be six months. The Council discussed whether or not six months was necessary, or if a shorter time frame could be specified. Attorney Penrod agreed that the time period could be shortened. He concluded by stating that he will conduct further research and present additional information to the Council at a later date. Attorney Penrod stated that the City Council may want to change the ordinance language about requesting the City Council to allow for signs to be placed in the right-of-way.

b) Training – Finance, Assistant City Administrator/Finance Director Bruce Riddle

Administrator/Finance Director, Bruce Riddle, discussed three topics with the Council: the Affordable Care Act, Governmental Accounting Standards Board Act 68, and the Utility Billing. Director Riddle expressed that the Affordable Care Act is in full effect now that the City is considered a large employer, and is required to offer affordable minimum essential coverage to all employees or pay a penalty. Director Riddle stated that the City is now required to file two reports with the IRS; a Form 1095C and a Form 1094C. Director Riddle explained that a 1095C is a list of all City employees, their dependents and their form of coverage. He further explained that a 1094C is similar to a W-2 and that this form must be provided to all employees. Director Riddle stated that the biggest issue in completing these forms is that all the pertinent information is contained in several different places. To solve this problem in the future, new software has been purchased that will allow all information to be stored in one place. Director Riddle stated that the City is paying approximately $50,000 to $60,000 per year with the new Affordable Care Act reporting.

Director Riddle explained that there is an entity called the Governmental Accounting Standards Board (GASB 68) that decides how governments should report financial statements. He stated that this group makes rules based upon accounting standards. Director Riddle stated that in 2006, the GASB 68 started reviewing accounting standards for pension plans. He stated that in June 2012, GASB issued Statement 68 which is entitled "Accounting and Reporting for Pensions." Director Riddle explained that Statement 68 found a disconnect between pension accounting measurements and pension funding measurements; in other words, there were discrepancies between what the City claimed was funded versus that which was actually funded. Director Riddle explained that the Utah Retirement Systems will send the City a report providing information in regards to pensions that are not fully funded. He stated that the City must determine and enter in what their proportionate share will be on financial statements.

The Council explained that the State of Utah has moved to a Tier 2 Pension Plan and a defined benefit has now been built in. The defined benefit is capped, so if the cost to the system goes above the cap, the difference would have to be paid by the employee. There would be no unfunded liabilities under the Tier 2 Pension Plan, and this will not fully turn over for another 25 years. Anyone hired after 2011 has automatically been placed on the Tier 2 Pension Plan. Director Riddle explained that entries made onto the financial statements are done according to plan. He stated that the new Tier 2 employees are placed within the asset column of the balance sheet. This amount is relatively small since few employees have been placed on this plan. Director Riddle explained that according to the Utah Retirement System, 85% of the pensions are funded.

Director Riddle explained that governmental funds will not be affected, because the liability needs to be stated on the Entity Wide statement on a full accrual basis for the City as a whole. Fund balances will not change, which is good news for the City. Director Riddle expressed concerns regarding the

Golf Course, the funds of which may go to a negative net position balance; this is problematic because as per State law there cannot be any negative balances. A suggestion was made that the funds be transferred, to which Director Riddle stated that the Utah Retirement System will request the same contributions through the budget process, which will not change. The liability will need to be monitored every year to ensure that it is not growing. A comment was made that it has been very painful to pay the increase of the pension costs. Currently, the value to the employees is approximately 12% on Tier 1. The City is paying between 20 and 21% because of the $6 billion loss in the State Pension fund in 2008. With the new plan in place, the amount is coming down faster than predicted. It will still take a decade to work out, and 20 years from now the City will have a fixed pension cost of 10%.

Director Riddle stated that by way of ordinance, each utility is addressed in several different sections throughout the code; however, they all basically indicate that the City will provide a utility statement once a month to the customers. Director Riddle expressed that failure to pay the amount due within 20 days of the due date may result in discontinuance of service. In order for service to be restored, the customer must pay all past due amounts including service or special expense charges. Director Riddle focused on Bulletin Number 2. He stated that the language in the ordinance allows the City to discontinue service if the full payment has not been made within 20 days; although, this is currently not happening within the City.

Director Riddle referred the Council to the Utility Billing Flow chart. The chart showed that all services requiring meter reading automatically occurred by the 15th of the month. The water usage is still read manually and that happens only during the spring, summer and fall by the 15th of the month. He stated this process could be tightened up a little bit, but would take a significant amount of time to fully complete. Bills are mailed by the 5th of each month with a due date of the 25th. The billing cycle is closed at the end of the month. A delinquent notice is sent out a week later after the close of the billing cycle. Director Riddle stated that on average between 700 to 900 delinquent letters are sent out each month; however, only 70 to 100 customers have service actually discontinued. Financial Director Riddle wanted to make the Council aware that they have been very lax in actually discontinuing service. He stated that customers can arrange to make payments. There is also a hardship committee that can meet with customers to discuss delinquent bills. The Council suggested that a newsletter go out to citizens informing them that the hardship committee is an available resource of information, and that donations can be made to the hardship committee to help pay for delinquent bills.

Director Riddle stated that the City's bad debt loss only varies slightly from year to year. He stated that across all utilities in the City, a total of $32.8 million dollars was billed with a bad debt write off of $53,000. Compared to most enterprises and business out there, this number is acceptable. Mayor Clyde wondered if there was a way for the City to be more proactive in helping those that need an advocate or capability to receive assistance. Director Riddle explained that there are three avenues, with communication being the first. The implementation of the Everbridge system has had a positive impact on people responding to past due notices. Secondly, customers can be referred to the HEAT program which is funded through the State. Third, customers can seek assistance through an ecclesiastical leader. Mayor Clyde suggested that the City try to be fair and equal between people who are constantly delinquent to those who usually pay on time and have only missed one or two months.

5) MAYOR, COUNCIL, AND ADMINISTRATIVE REPORTS

Councilmember Conover asked for a status update on the railroad crossing. Public Works Director, Brad Stapley, replied that a new contract for the railroad is being processed. City Administrator Fitzgerald stated that nothing can go forward unless an agreement is signed that the City will pay the $550,000. Councilmember Conover suggested that a GRAMA request be prepared so that they can access the agreement that Spanish Fork has for their railroad. City Administrator, Troy Fitzgerald, will contact Spanish Fork to obtain a copy of their agreement. Director Stapley stated that he has been working with the railroad without response, and that the previous contact for the railroad moved to another location.

Administrative Assistant Penrod stated that the Youth City Council would like to hold a "Meet the Candidate Night" on October 21, 2015 at 7:00 pm.

City Administrator Fitzgerald has received a tentative offer for the Villa Theater property. He stated that the offer included no down payment with zero payments for two and a half years.

6) CLOSED SESSION

The Springville City Council may temporarily recess the regular meeting and convene in a closed session to discuss pending or reasonably imminent litigation, and the purchase, exchange, or lease of real property, as provided by Utah Code Annotated §52-4-205

There was no Closed Session.

7) ADJOURNMENT

COUNCILMEMBER SORENSON MOVED TO ADJOURN THE WORK/STUDY MEETING OF THE SPRINGVILLE CITY COUNCIL AT 6:55 P.M. COUNCILMEMBER CHILD SECONDED THE MOTION, AND ALL VOTED AYE.

This document constitutes the official minutes for the Springville City Council Work/Study meeting held on Tuesday, October 06, 2015.

I, Kim Rayburn, do hereby certify that I am the duly appointed, qualified, and acting City Recorder for Springville City, of Utah County, State of Utah. I do hereby certify that the foregoing minutes represent a true and accurate, and complete record of this meeting held on Tuesday, October 06, 2015

Kim Rayburn
City Recorder