

**REGULAR SESSION OF THE
BRIGHAM CITY COUNCIL
January 7, 2016**

PRESENT:	Tyler Vincent	Mayor
	Alden Farr	Councilmember
	Ruth Jensen	Councilmember
	Tom Peterson	Councilmember
	Mark Thompson	Councilmember
ALSO PRESENT:	Mary Kate Christensen	City Recorder
	Paul Larsen	Economic Development Director
	Kristy Law	Community Activities & Services Manager
	Mike Nelsen	Police Chief
	Derek Oyler	Building Manager
	Tyler Pugsley	Public Works Director
	Jason Roberts	City Administrator
EXCUSED:	DJ Bott	Councilmember

Mayor Vincent called the meeting to order. The Reverence Period was given by Ryan Smith, 2nd Counselor in the LDS 23rd Ward. The Pledge of Allegiance was recited.

Approval of Minutes: A motion to approve the minutes of the December 17, 2015 Council meeting was made by Councilmember Jensen, seconded by Councilmember Thompson and unanimously approved as distributed.

AGENDA

PUBLIC COMMENT

COUNCILMEMBER COMMENTS

PUBLIC HEARING

First Public Hearing for CDBG Grant to Gain Citizen Input as to their Needs and Potential 2016 Projects

CONSENT

Appointment to the Planning Commission

Appointment to the Appeal Authority Board

NEW BUSINESS

2014-15 Audit Report

ADJOURN TO REDEVELOPMENT AGENCY MEETING

PUBLIC COMMENT

Paul Roberts, Brigham City - Mr. Roberts stated that the most valuable resource leaving the sewer plant is the water. He proposed the purification of the effluent should be the main object of sewer plant enhancement. This effluent is currently going to the bird refuge and breeding mosquitoes along the way. If it is pure, it becomes valuable. Uses include drinking water, storage of the water, return to the Mayor's Pond so it can float down the Box Elder Creek to maintain a sustaining flow. It could also be marketed directly to consumers as a new industry coming in. He stated that anything that happens in California, Utah will be facing in ten years. California, Texas and a lot of other places have to get the only water resource they can, which is affluent from the sewer plant.

Lee Johnson, Brigham City - Mr. Johnson said it is unfortunate that we have the federal government that dictates how cities are run. He hoped that cities will get together and rise up and say no more and do it a legal and proper way. He noticed in the last few Council meetings that the Economic Development Agency seems to fulfill three important missions with the City Council. First is to give the appearance that the Council actually has the ability to change the economy; second that they actually act as a sales agent for whatever cooperation they are dealing with because they sell to the City Council the presentation without the company representatives present; third is to kiss up to the Council to make them feel important.

DeAnna Hardy, County - Ms. Hardy said a gentleman reported at the last City Council meeting that only 15% of convention centers were successful; this is not a very high percentage. A group of citizens asked the Council not to move forward with the Academy Square restaurant and hotel, but were ignored. The loss of over \$150,000 on the project does not seem to bother the Council; but it does the citizens, it is their money the Council is misusing.

COUNCILMEMBER COMMENTS

Councilmember Jensen said the newly elected councilmembers were sworn in on Monday, January 4th. She said she is glad to still be on the Council.

Councilmember Thompson said the Public Planning Workshop was held on January 6th and it was a great opportunity for citizens to give input on what they want Brigham City to look like. He encouraged those in the audience to give their thoughts.

Councilmember Peterson agreed that it was a good meeting. A citizen recommended that there should have been a sign-up sheet so attendees could give their email addresses to get emails on future meetings. He added that there were approximately 200 people in attendance at the evening meeting and approximately 60 during the day.

Mayor Vincent said he enjoyed walking around downtown Brigham City during the holidays to see the buildings on the Plaza. He met someone from Burley Idaho in a store and they told him Brigham City is the most beautiful City in the State of Utah.

PUBLIC HEARING

First Public Hearing for CDBG Grant to Gain Citizen Input as to their Needs and Potential 2016 Projects

A motion to open the public hearing was made by Councilmember Jensen, seconded by Councilmember Peterson and unanimously carried.

Mr. Larsen came forward and stated that the purpose of this public hearing is to gain input from citizens on projects they want considered for application for funding through the Community Development Block Grant. In 2016 there is approximately \$600,000 expected to be available in the Bear River Region for projects, \$400,000 of which will be available to be rated and ranked. All funds allocated must meet a HUD national objective and benefit low to moderate income individuals. Projects displacing low to moderate income persons are not likely to receive funding. The range of projects available include: infrastructure projects for improvements to water and sewer; street improvements; public service projects for seniors; youth and battered spouses; housing rehabilitation projects.

Some of the past projects were senior center parking overlay, ADA curb ramps throughout the City, housing rehabilitation, building improvements at the Box Elder County Family Support Center. The grant does not require a match.

Derek Oyler, Brigham City Corporation - Mr. Oyler said the City would like to apply for a grant for an electrical upgrade to the Senior Center. They are using breakers to turn lights on and off and there are problems with the walk-in freezers. He estimated the project would be \$100,000-\$200,000.

Councilmember Jensen asked where this money comes from. Mr. Larsen replied that it comes from the federal government and is allocated to states based on population.

Councilmember Jensen added that all the money that comes from the federal government is the citizens' money. If Brigham City does not use the money it will go somewhere else. Then if the City wanted to help people it would have to come from the general fund.

Lee Johnson, Brigham - Mr. Johnson said dependency comes about not of itself but by taking handouts. The person offering the assistance is equally a contributor to dependency as a person who takes the money. The nation's budget last year was \$1.1 trillion. The federal government does not bring in that much money. As long as the City is accepting money from an organization that is not responsible, we are contributing to their delinquency. He asked the Council to refuse the money so at least the Council's conscious is clear.

DeAnna Hardy, County - Ms. Hardy said the money comes from the federal government so it comes from all the citizens' pockets. BRAG's salaries alone are over \$2M. We are paying them to decide for all of us who they are going to help. The citizens need to keep their own money so they have the freedom who and when to help. She discussed Agenda 21 and the Model Cities Program.

A motion to close the public hearing was made by Councilmember Thompson, seconded by Councilmember Farr and unanimously carried.

CONSENT

Appointment to the Planning Commission

It was recommended Scott Mildenhall be appointed to the Planning Commission.

Appointment to the Appeal Authority Board

It was also recommended that Lynda Berry be appointed to the Appeal Authority Board.

MOTION: A motion to approve the Consent Agenda was made by Councilmember Thompson, seconded by Councilmember Jensen and carried unanimously.

NEW BUSINESS

2014-15 Audit Report

Mr. Roberts came forward and gave a presentation on the financial results of the 2014-15 audit.

One of the key things to look at for the City's financial health is cash on hand. Using all non-restricted cash on hand, the City as a whole could finance operations without additional cash flow for 147 days. This is an increase of 15 days from 2014.

The City's days cash in governmental funds is increasing primarily due to cash being received in RDAs from tax increment and increased fund balance in the general fund due to better than projected financial results. Cash received from RDAs is primarily from tax increment received being used to repay intercompany loans from prior years.

The total cash in utility funds increased by approximately \$3 million due to operating results and the timing of bond reimbursements.

Liabilities to net position increased in the governmental fund as a result of the issuance of approximately \$7.5 million in bonds for the Utah State Building. Liabilities to net position in the business-type funds increased slightly due to the drawdown of the last portion of the debit related to the waterlines going to Procter & Gamble offset by the repayment of debt.

Governmental activities revenue include:

- Transfers - Internal Activity - 19%
- Charges for Services - 25%
- Other Revenues - 3%
- Property Taxes - 18%
- Other Taxes - 9%
- Investment Income - 1%
- Sales Taxes - 18%
- Grants and Contributions - 7%

Governmental expenses include:

- General Government - 7%
- Community and Economic Development - 30%
- Public Safety - 26%
- Inter on Long-Term Debt - 2%
- Public Works - 15%
- Culture, Parks & Recreation - 20%

The net cost of services of all government activities was \$20.4 million. The following is a breakdown of these activities:

- General Government - \$1.3 million
- Public Safety - \$3.6 million
- Public Works - \$1.5 million
- Community Development - \$6.2 million
- Culture, Parks & Recreation - \$2.2 million

The Council determines what level of subsidy is acceptable for each area during the budgeting process each year.

The Police Department continues to be the highest net departmental cost of public safety, although this decreased by \$125,000 this reporting year due to lower staffing levels. As

anticipated, the Ambulance and Fire Departments combined showed a much higher net cost of service than the prior year due to changes made in the department.

Transfers were the largest source of revenue in the general fund. Even though the charges for services in the general fund were 14%, these charges are not sufficient to cover all direct and indirect expenses for the services provided.

Sales tax is the second largest revenue source in the general fund. The fiscal year 2015 sales tax revenues were \$214,000 higher than the prior year. During fiscal year 2015 the City collected \$157,000 less sales tax than what was collected in 2008. The City is seeing positive sales tax receipts and appears that sales tax revenue for fiscal year 2015 will be higher than 2014 revenue.

Property tax of \$697,000 is 6% of the general fund revenue.

General fund expenditures and transfers out include:

- General Government - 16%
- Public Safety - 47%
- Public Works - 11%
- Transfers Out - 2%
- Parks, Recreation and Public Property - 24%

There were some departments that over expended their budgets at year end. Most were relatively small and were due to the estimates made. Some of the overages in the general fund departments are due to capital facility costs.

This was the first fiscal year with the facility fund. The overall budget of this fund was spent as planned, but it was noticed that a large amount of expenditures were to buildings not directly allocable to any one department. Expenses related to some of these older buildings were higher than anticipated and caused departments such as Administration and City Council to be over budget.

Emergency Management was over budget due primarily to higher than expected equipment repair and maintenance costs.

The Senior Citizen Department was over budget primarily to meal costs being higher than budgeted.

The airport capital project fund was over budget due to costs in excess of budget related to the construction of the SRE building. Approximately 90% of this overage was reimbursed through airport grants.

As planned, there were also some RDA and EDA funds that are currently in a deficit balance. It will take several years to eliminate the deficits in some of these funds. Deficits will decrease and cash will increase as the RDAs and EDAs collect tax increment.

The deficit in the debt service SAA 2009-01 fund is related to customers making late payments on the Fiber Optic SAA. There is a debt service reserve account that has sufficient funds to cover this overage if needed. There are also liens on property to secure the amounts owed.

Unassigned and assigned fund balance in the general fund increased by \$914,000 during the year. The following factors created an unexpected increase in general fund revenue:

- Sales tax increased by \$119,000
- Ambulance revenue increased by \$115,000
- Fines and forfeitures increased by \$38,000

In addition to the higher revenue listed above, the following expenditures were lower than budgeted:

- Parks lower by \$216,000
- Recreation lower by \$83,000
- Police Department lower by \$158,000
- Streets lower by \$72,000

The Council has had a goal of maintaining the unassigned and assigned fund balance of the general fund slightly lower than the state limit, which is 25% of total actual general fund. As of June 30, 2015, the City is 4% above this limit. The City is required to budget for this percentage to decrease below the allowable state level during the 2016-17 budgeting process. Staff previously discussed this with the Council and decided that a large portion of these funds will be spent toward the 1100 West 1100 South intersection.

In conclusion, Mr. Roberts stated that the City's financial condition is good. However, the City should continue to conserve cash and increase the City's cash reserves to prepare for any possible future economic downturns. In addition, all new projects should be evaluated to determine the effect on the City's cash position.

Mr. David Rodgers from Davis & Bott came forward and stated that in all material respects, the financial statements of Brigham City are correct.

A Single Audit Report is required to be submitted. This looks at the federal grants the City receives. Mr. Rodgers reported that there were no issues with these grants.

The Management Report talks about any material weaknesses or significant deficiencies. Last year there was one, an issue where land was double booked. This was taken care of and there are no material weaknesses.

The Council adjourned to a Redevelopment Agency Meeting at 8:02 PM.