

**TREMONTON CITY CORPORATION
CITY COUNCIL MEETING
DECEMBER 1, 2020**

Members Present:

Connie Archibald

Lyle Holmgren

Bret Rohde

Rick Seamons

Lyle Vance

Roger Fridal, Mayor

Shawn Warnke, City Manager

Linsey Nessen, City Recorder

CITY COUNCIL WORKSHOP

Mayor Fridal called the December 1, 2020 City Council Workshop to order at 5:30 p.m. The meeting was held in the City Council Meeting Room at 102 South Tremont Street, Tremonton, Utah. Those in attendance were Mayor Fridal, Councilmembers Archibald, Holmgren, Rohde, Seamons, and Vance, City Manager Warnke, and City Recorder Nessen. The following Department Heads were also present: Fire Chief Robert LaCroix (left at 6:50 p.m. and returned at 7:29 p.m.), Community Services Director Marc Christensen, and Public Works Director Paul Fulgham. Also in attendance were: City Engineer Chris Breinholt (left after the work session) and Finance Director Curtis Roberts (left after the work session).

1. Discussion of expanding the secondary water system including, but not limited to, the discussion of the increased water rates and bonding scenarios for the construction of additional water system improvements

Manager Warnke addressed questions from their last meeting, as well as the need for secondary projects, bonding scenarios for \$4.8 million, proposed water rates, and ideas that councilmembers have suggested. This shows where we are at from the State requirements for surplus (10% of our actual peak day use) with underlying assumptions and a lot of variables. We did our best to show all the projects that have been proposed. This calendar year we have issued 158 building permits, which is the most we have ever done. Here are the subdivisions we are in the process of approving. This chart does not include the annexations that have been completed or are in the process of being accepted. Tremonton is nearing capacity for the maximum culinary water system for peak day demand (3,500 gallons per minute). The completion of Service Area 3 will help bend that curve, but in order to meet the State requirements with our projected growth, we need to complete Service Area 5, expand Service Area 2 and start construction of Service Area 4.

Manager Warnke said the bond scenario for \$4.8 million would construct all the recommended projects associated with meeting the State requirements. This is a 15-year term at 1.75% interest. That amount is for construction costs—there would be an extra \$50,000 in cost of issuance for a total of \$4,863,000. Over the life of that bond the debt service would amount to \$5.5 million with the annual debt service amount being

\$372,000 to meet the 1.25% debt service coverage. If we spread that over the 3,526 units we bill that is a \$131 annual increase or \$11 a month. Growth can help a little, but it is a timing issue. We need to consider increasing the water rate. An \$11 base rate increase a month would cover the entire debt service. A usage increase to each tier of 25 cents is anticipated to yield \$114,000 and a commercial rate increase of the same 25 cents would be \$64,000 annually. There are various scenarios the Council could come up with to generate that money, but I suggest a \$6.75 a month increase, which yields \$285,000 and includes the increase for the tiers. The base rate has been increased in the last few years, but with a 3% inflation annually, the fee should be closer to \$30 a month. Right now we are at \$13. The same concept can be applied to overage or use.

Manager Warnke said the Council asked what we could expect from water sales from new growth. We used the same subdivisions and showed them all occurring in 2021 even though they would not all have yards yet, but when they are fully developed, we would have \$106,000 in water sales. The issue is timing. This does not consider additional employees, which we will need as we continue to grow. As the base continues to grow it will help us with future bonds.

Councilmember Vance said when we did the first bond we had to increase prices to afford it. Now we are proposing to increase it again and for the next bond we will do the same thing. Councilmember Rohde said it is narrow-minded if we think the only answer is to raise rates. We have to look for other things outside the box, like conservation. Councilmember Vance said it is a two-edge sword because if you cut back 20% that means our income drops too, which goes against what we are trying to do here to bond up. Councilmember Rohde said a conservation plan should be part of this and may help drive the rates down a bit. The Council also reviewed high water users and areas that could be easily picked up such as schools, churches, parks, the hospital and Post. Director Roberts said as you take users off culinary, you will have water for culinary use to satisfy the peak day demand, but you are also dropping your revenues because secondary rates are lower. In wet years, these revenues could go way down so having some leeway is beneficial. The stronger your debt coverage position, the better interest rates you are going to garner. Manager Warnke said we are bumping up against time. A water rate process is effective January 1, 2021, which would have us adopt water rates by ordinance, and give public notice to all customers so they have an opportunity to discuss the rates.

Manager Warnke said last time we discussed other culinary water systems. We are interconnected with Garland and Corinne, but we are not sure if they would sell us water. Even if they could, they have lower pressure on their systems. The Bear River Water Conservancy District does supply water to us, but once we max out what they can deliver to us (750 gallons per minute) then we would need to upgrade that transmission line to 12 inches. That cost is \$2 million and would be \$1 per thousand gallons. Director Fulgham said we have looked at wells in the Bothwell pocket, but there is a cost to retrofit those wells to culinary standards. About 20 years ago the City looked at the King Well toward Riverside, which has some of the same water characteristics as the Bothwell pocket, but there is not electrical power at the sight, which could be pricey. We would have to run 2.5

miles of 12-inch water main to pick that up. Councilmember Vance said that would be worth digging into a bit. His price is way high, but maybe that comes down through negotiations and a land swap. With 1,200 gallons per minute that is a 25% boost to what we are doing now. Engineer Breinholt said even with secondary, we will eventually need more culinary and these are things to look at into the future.

Manager Warnke said this shows where we are at with water shares and the possibility of exploring wastewater treatment use. In our Capital Facility Plan study we looked at a 50-year timeline. In order to develop culinary water for that period based on demand it was \$30 million. In 2017 we did the Secondary Water Capital Facility Plan and over a 50-year timeframe the estimate was \$17 million. We are about \$5.6 million in actual expenses, which does not include interest. How fast we need the water depends on growth. He also addressed water conservation and what other counties have done. The Council could even implement management practices for water conservation and pricing. Ordinances could be written to enforce it as well as restrictions to the time of day for watering. The City does require water efficient landscaping for new residential development and water efficient fixtures. There could be a mandate on resale of older homes with the plumbing fixtures being retrofitted.

Councilmember Rohde said if someone goes on secondary water it removes 2/3 of an ERC, but could it be more. That could have a huge variance on how many homes could be built with secondary water versus how many cannot. Engineer Breinholt said after next summer we would have a better handle on it with Service Area 3 and more people being connected. Councilmember Seamons asked about impact fees and how those compare to surrounding cities. Director Fulgham said we are lower. A lot of that depends on how much infrastructure is built. Councilmember Seamons said increasing culinary or secondary water costs impacts those who are already here, but it should be development paying for that. Could we raise those impact fees? Engineer Breinholt said with the current laws we cannot ask anyone coming in to pay more than anyone who is already here. There is no way to make all the newcomers pay for themselves. Councilmember Seamons brought up people who are on fixed incomes. I realize the need, but are we growing too fast for what we can actually supply? Councilmember Rohde said I think there are a bunch of things that can be done to come up with a good solution. Increasing rates is probably part of that. If we could teach people how to conserve they could break even.

Engineer Breinholt said where you are right now with Service Area 3 and developments that are approved, we comply with the State standard, but barely. So without doing something next year we cannot allow any more developments to be approved. Councilmember Holmgren said you should never get yourself in a situation where someone else has to make the decision for you and I think that is the risk we are running. We do not want to get into a situation where the State is going to mandate something to us. Councilmember Rohde asked with our current rates could we bond any amount of money and meet that debt coverage? Director Roberts said for the last projections we were running really close. We can look at it again, but based off what I saw I did not see much capacity as far as absorbing any new debt into the current rate structure. The last

time we had this discussion we kept driving the rate structure down to the bare minimum and used up any capacity that we had. Councilmember Rohde asked if we could keep the rates close to the same through some conservation efforts and using capital we have already in smaller areas to gain some capacity back and build. Then as new homes come on that will start to increase our revenues. Can we work through this slower and still maintain growth? Councilmember Vance asked how many ERCs Service Area 5 opens up. Engineer Breinholt said it is 584 connections so about 390 homes, as well as the parks. Councilmember Holmgren asked how far down the road before you say enough is enough and we cannot allow anything more to happen? Engineer Breinholt said we are there right now with the developments that have come to the Development Review Committee. After Service Area 3 connects we are right on the limit and cannot allow anything else. Service Area 3 will help turn us down and get back to the standard that is required.

Director Fulgham said we could work with the Senior Center and Food Pantry to put a committee together that allows people on fixed incomes to apply for a reduction on their water bill. The Council agreed to communicate through emails over the next couple of weeks and put this on the agenda for next meeting. They considered bonding for less and using capital for smaller projects at this time. Manager Warnke said we have \$1 million available, but that puts us in a position where it would be hard to participate on any project. We are at the point where we need to bond. Councilmember Rohde I think we can use some of our money, but not all of it. Could we also figure in how new growth is going to help our revenues? That may bring the rate down a bit. Director Roberts said if we drive this rate down to the bare minimum then if something comes up in a couple years you will be looking at a rate increase again. Councilmember Vance said we need to put as much effort toward culinary as we are the secondary water. Let us get zone 5 going, but we need to look at wells, too. Manager Warnke said we will see what we can use in house to drive that rate down and change it accordingly.

2. Review of items listed on the 7:00 p.m. agenda

3. ***CLOSED SESSIONS: No closed session was held at this time***

- a. ***Strategy session to discuss the purchase of real property when public discussion of the transaction would disclose the appraisal or estimated value of the property under consideration or prevent the public body from completing the transaction on the best possible terms; and/or***
- b. ***Strategy session to discuss the character, professional competence or physical or mental health of an individual; and/or***
- c. ***Strategy sessions to discuss pending or reasonably imminent litigation; and/or***
- d. ***Discussions regarding security personnel, devices or systems***

The meeting adjourned at 7:10 p.m. by consensus of the Council.

CITY COUNCIL MEETING

Mayor Fridal called the December 1, 2020 City Council Meeting to order at 7:18 p.m. The

meeting was held in the Tremonton City Council Meeting Room at 102 South Tremont Street, Tremonton, Utah. Those in attendance were Mayor Fridal, Councilmembers Archibald Holmgren, Rohde, Seamons, and Vance, City Manager Warnke, and City Recorder Nessen. The following Department Heads were also present: Fire Chief Robert LaCroix (left at 6:50 p.m. and returned at 7:29 p.m.), Community Services Director Marc Christensen, and Public Works Director Paul Fulgham.

1. Opening Ceremony:

Mayor Fridal informed the audience that he had received no written or oral request to participate in the Opening Ceremony. He asked anyone who may be offended by listening to a prayer to step out into the lobby for this portion of the meeting. The prayer was offered by Councilmember Rohde and the Pledge of Allegiance was led by Mayor Fridal.

2. Introduction of guests:

Mayor Fridal welcomed those in attendance.

3. Declaration of Conflict of Interest: None.

4. Approval of Agenda:

Motion by Councilmember Rohde to approve the agenda of December 1, 2020. Motion seconded by Councilmembers Archibald and Vance. Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

5. Approval of minutes – November 17, 2020

Motion by Councilmember Archibald to approve the minutes of November 17, 2020. Motion seconded by Councilmember Seamons. Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

6. Public comments: There were no public comments.

7. Presentation: This was provided in the work session.

8. City Council Business

a. Discussion and consideration of adopting October Financial Statements

Motion by Councilmember Vance to adopt the October Financial Statements. Motion seconded by Councilmember Holmgren. Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

- b. Discussion and consideration of adopting October Warrant Register

Motion by Councilmember Holmgren to adopt the October Warrant Register. Motion seconded by Councilmember Archibald. Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

- c. Discussion and consideration of adopting the 2021 Annual Meeting Schedule

Motion by Councilmember Archibald to adopt the 2021 Annual Meeting Schedule. Motion seconded by Councilmember Vance. Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

- d. Discussion and consideration of approving the disposal of 2013 Chevy Caprice

Motion by Councilmember Vance to approve the disposal of the 2013 Chevy Caprice. Motion seconded by Councilmember Rohde. Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

- e. Discussion and consideration of adopting Ordinance No. 20-15 amending Part 10-410 Garbage Regulations of Title 10 Fire, Health Safety and Welfare, Chapter 10-400 Garbage and Litter of the Revised Ordinances of Tremonton City Corporation

Manager Warnke said we have contracted with Econo Waste for many years. With all the growth that has been occurring and the different types of housing, it came to our attention that there is some ambiguity on what a commercial unit was defined as in our ordinance and our contract with them. Multi-family seemed to be the biggest point of confusion. We had a conversation about that and came to an agreement for a better definition. Any individuals who are currently being serviced by the City contract would now need to arrange services with an independent contractor, which would likely be Econo Waste. This affects 80 residents. Going forward if it is an attached complex of four or more units then they would have a dumpster. Right now this is about the definition of a commercial unit versus a residential unit. We clarified that and if you adopt those changes we would migrate those individuals from the City to Econo Waste or another service provider. Councilmember Vance said this is a good idea. That expense would be part of the rent or HOA.

Motion by Councilmember Archibald to adopt the ordinance. Motion seconded by Councilmember Holmgren. Roll Call Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

- f. Discussion and consideration of adopting Resolution No. 20-52 amending a Residential Solid Waste and Recycle Waste Collection Agreement between Tremonton City Corporation and Econo Waste, Inc

Motion by Councilmember Vance to adopt the resolution. Motion seconded by Councilmember Archibald. Roll Call Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

- g. Discussion and consideration of approving Resolution No. 20-53 approving the annual review of Tremonton City's moderate-income housing plan, implementation, and preparing a report setting for the findings of said review in compliance with Utah Code 10-9a-408

Manager Warnke said there were changes in the State law that emphasized the State's priority on affordable housing. One of those changes required us to update our plan, which we did and now we have an annual moderate-income report that is required. It is something that will change overtime.

Motion by Councilmember Holmgren to adopt the resolution. Motion seconded by Councilmember Seamons. Roll Call Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

- 9. Calendar Items and Previous Assignment
 - a. Review of calendar

When asked about the Christmas party, the Council agreed to go out to dinner as a group once things slowed down with the pandemic.

- b. Review of past assignment: None.

- 10. Reports & Comments:

- a. City Manager Reports and Comments: None.
 - b. Development Review Committee Report and Comments: None.
 - c. City Department Head Reports and Comments: None.
 - d. Council Reports and Comments

Councilmember Seamons said there are a couple houses in our area that were questionable, but have been cleaned up and I think that was influenced by the nuisance officer so thank you.

Councilmember Rohde followed up on the comments from citizens during the last public comment about West Liberty Foods. He asked if businesses need to follow the zoning ordinances or are some grandfathered in. Manager Warnke said this applies to development so when we are issuing a building permit or any type of land use then we can apply those standards. Those who have already developed are classified as non-conforming. Councilmember Rohde said there is quite a bit in here they are not in compliance with when it comes to that back parking lot. There needs to be headlight screening and people are driving through yards to hit another road and go home. The noise ordinance also needs to be enforced. We need to set up a meeting with West Liberty and have a discussion with them. A lot of these issues could be resolved with inexpensive changes.

Mayor Fridal said you guys do a great job. You are concerned about the citizens and do what you are supposed to do.

11. ***CLOSED SESSIONS: No closed session held at this time.***

- a. Strategy session to discuss the purchase of real property when public discussion of the transaction would disclose the appraisal or estimated value of the property under consideration or prevent the public body from completing the transaction on the best possible terms; and/or***
- b. Strategy session to discuss the character, professional competence or physical or mental health of an individual; and/or***
- c. Strategy sessions to discuss pending or reasonably imminent litigation; and/or***
- d. Discussions regarding security personnel, devices or systems***

12. Adjournment

Motion by Councilmember Archibald to adjourn the meeting. Motion seconded by Councilmember Holmgren. Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

The meeting adjourned at 7:45 p.m.

The undersigned duly acting and appointed Recorder for Tremonton City Corporation hereby certifies that the foregoing is a true and correct copy of the minutes for the City Council Meeting held on the above referenced date. Minutes were prepared by Jessica Tanner.

Dated this _____ day of _____, 2020.

Linsey Nessen, City Recorder

Follow-up items for the Council and City Staff

The Council will communicate through email to come up with more ideas on how to proceed with secondary water, while City Staff will come back with more information and their recommendation.