

**REGULAR SESSION OF THE
BRIGHAM CITY COUNCIL
June 6, 2013**

PRESENT:	Dennis Fife	Mayor
	Scott Ericson	Councilmember
	Ruth Jensen	Councilmember
	Brian Rex	Councilmember
	Mark Thompson	Councilmember
	Tyler Vincent	Councilmember

ALSO PRESENT:	Mary Kate Christensen	City Recorder
	Jared Johnson	Community Development Director
	Paul Larsen	Economic Development Director
	Bruce Leonard	City Administrator
	Tyler Pugsley	Public Works Director
	Jason Roberts	Finance Director
	Paul Tittensor	Police Chief

Mayor Fife called the meeting to order and welcomed County Commissioners LuAnn Adams and Stan Summers. The Reverence Period was given by Erin Anderson, Counselor in the Brigham City LDS 15th Ward. The Pledge of Allegiance was recited.

Approval of Minutes: A motion to approve the minutes of the May 16, 2013 Council meeting and Work Session was made by Councilmember Vincent, seconded by Councilmember Jensen and unanimously approved as distributed.

**2013-14 BUDGET PRESENTATION
INTRODUCTION OF NEW EMPLOYEES**

New Hires, Community Development

CONSENT

Appointments to the Advisory Council on Aging

PUBLIC HEARING

2013-14 Tentative Budget which Includes a Transfer of 15% from the Public Utility Fund to the General Fund and an Additional Transfer from the Utility Fund to the Emergency Disaster - Capital Project Fund

SCHEDULED DELEGATION

County Update

Update on Constitution Day Program

NEW BUSINESS

Discussion on Metropolitan Planning Organization (MPO)

Discussion on REDLG Loan to Hotel Developer

OTHER BUSINESS

PUBLIC COMMENT

2013-14 BUDGET PRESENTATION

Mayor Pro Tem Vincent stated that the 2013-14 budget was received from the Mayor on May 2, 2013.

A Department of Energy (DOE) grant was obtained several years ago to study the feasibility of constructing wind turbines in the mouth of Box Elder Canyon. When that project proved unfeasible, DOE allowed Brigham City to change the scope of work to replace the existing inefficient hydroelectric generator located in the upper power plant with a new generator to increase efficiency and energy output. If the grant had not been changed, the City would be facing a substantial investment for maintenance of the existing generator. An engineering firm has been selected for this project which needs to be completed by the end of August 2014.

The 400 South 800 West intersection improvement project is a partnership between the Box Elder School District and the City. Property for right-of-way and credits for street improvement costs were exchanged between the entities to make this critical street realignment project happen. The overall public safety will be tremendously enhanced when this project is completed.

The Council has approved \$25,000 to finish an environmental document that will help garner federal funding for the 1100 South 1100 West intersection. The project could take approximately three years to fund and construct but the economic benefits for the surrounding area is priceless. The connecting streets that feed this intersection have the potential to develop into an arterial network similar to 1000 West in Logan.

The City has secured a water right to develop a new culinary well located in the mouth of Box Elder Canyon. Funding for drilling a test well and developing it into a culinary water source is estimated to cost \$1.5 million. The project costs will be funded through the Procter & Gamble bonds issued to replace culinary water used for the operation of their plant.

The new Green Waste/Recycling Center was opened earlier this spring. The location change has increased efficiency of operations by combining waste treatment and composting operations on adjoining properties. The Center is well used by the citizens as well as those in the surrounding areas.

The Mayor and City Council considered the current cash needs of the City for operations and emergencies. The Council decided to establish a goal to write policies with cash targets for the City to ensure financial stability. Cash targets shall be established as a percentage of budgeted operating expenses plus additional reserves that may be needed for unexpected events. Currently Brigham City has adequate cash reserves to cover operations. The Mayor and City Council also determined that two major risks are currently facing the City and needed to be addressed before things get worse. The risks are the aging and deterioration of City facilities and electrical energy alternatives.

During the preparation of the budget it was noted that the swimming pool was losing water rapidly due to various failures of the pool's components. The plaster lining is 17 years old, which is several years past normal warranties which generally range from 10-15 years for swimming pools. It was estimated that sufficient repairs to the pool will cost around \$500,000.

Staff also noted that many City facilities are aging, with little to no money being allocated for maintenance of these buildings. The buildings maintenance budget has been steadily increasing to pay for repairs of worn out materials. For example, City Hall was constructed in 1973. We know that the building is not energy efficient and that there are problems arising with the heating and cooling system. Sufficient funding has not been allocated to facilitate projects due to the difficult economy in the last few years. The Mayor and Council determined that action needed to be taken to address this problem. The long-term solution decided upon was the creation of a capital facility fund that will function similar to the fleet fund currently used for vehicles. Although some of the details of the program haven't been worked out yet, when assets that will wear out over time are purchased departments who use the assets will pay a lease payment each year to plan for the replacement of the asset. Also, any user fees related to facilities could go to offset the maintenance and replacement costs of the facilities.

Approximately 72% of the electric power used in Brigham City is supplied by Rocky Mountain Power (RMP). The City has a contract with RMP that locks in the baseline cost for the power through June 2015. RMP has indicated that if a new contract is negotiated in 2015 we should expect a 29% increase in the cost of power. The Council believes that it is important that all possible alternative power sources need to be researched by the City to find a reliable source of power for the future of Brigham City. A retreat is currently being planned to discuss the direction the City wants to take in relation to power sources. All options are currently being explored.

Electricity costs from RMP over the past four years have increased by 33%. The City has not passed any rate increases onto the customers for the past several years, which has reduced funds available for capital projects in the Electric Department. The Mayor and Council have determined that the City can no

longer absorb power rate increases so a 2.82% rate increase, which the City is about to receive from RMP, will be added to the customers' utility bill beginning this next fiscal year.

In addition, starting in July, the City will begin using a seasonal tiered rate structure for charging power usage to customers. The new rate structure will have separate summer and winter rates that are tiered usage. For example, if a customer is a high power user in the summer their bill will increase when compared to the prior year. If a customer is a low power user in the winter their bill will decrease when compared to the prior year. The change is designed to give customers the opportunity to control their power costs based on their usage habits. There are no other utility rate increases being proposed in this year's budget.

The City has budgeted \$786,000 in funding for the replacement of 17 pieces of equipment and vehicles. These purchases will help maintain the relatively good condition of the City fleet. Money received from departments for equipment lease payments during the year is used to purchase vehicles and equipment.

It is recommended that impact fees are reviewed every six years to address economic changes which means they can go up or down depending on the economy.

This year the Council approved a 2.1% merit and 0.4% market adjustment for employees. The merit increase mirrors the Consumer Price Index for 2012 of 2.1%. There have been numerous reductions in City staff over the past several years. Employees have absorbed the extra workloads with enthusiasm and efficiency. The elected officials are very proud of the employees and recognize all they do in providing services for this community.

This budget has an overall budget of \$43,702,000. The General Fund is \$10,749,000; Utility Fund, \$22,622,000; all other funds, \$10,331,000. Transfers account for 26% of revenue. Sales tax account for an additional 25% of revenue; property taxes are only 6% of revenue in the General Fund. Utility Funds are over 50% of the total budget. The General Fund is an additional 25% of the total budget.

Mayor Pro Tem Vincent thanked the Council for their time and effort in preparing the budget. He also thanked City staff for their diligence in working through the budget process and making adjustments to their budget when asked.

He expressed appreciation to City employees. The City did away with 19 jobs and employees have stepped up. There are several employees that are doing two jobs and getting paid basic funds to do that. City employees are very dedicated and caring and very dedicated to the community.

INTRODUCTION OF NEW EMPLOYEES

New Hires, Community Development

Mr. Johnson introduced Carolann Chalfant and Holly Oyler as part-time Business License Specialists in the Community Development Department.

CONSENT

Appointments to the Advisory Council on Aging

It was recommended Dwight Holman, Denton Beecher, Richard Pett and Marge Small be appointed as members of the Advisory Council on Aging.

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

PUBLIC HEARING

2013-14 Tentative Budget which Includes a Transfer of 15% from the Public Utility Fund to the General Fund and an Additional Transfer from the Utility Fund to the Emergency Disaster –Capital Project Fund

Lee Johnson 113 N 300 W – Mr. Johnson raised some concerns to make sure the City is aware of some things, such as corporatism. Corporatism is going on in the country and it is very rampant. It sounds like the City is trying to mix a public utility with the government. Considering half the budget is from a public utility it is a very precarious situation. It almost borders fascism when there is corporate entity running the City. He was also concerned about bonds. The route word of bond comes from bondage. When there is a bond that the City is paying, the City is basically enslaved to those who hold the bond. With the federal government industrial military complex, the more money the City takes from them, the more control they have over the City. He recommended the City stop taking federal or state grants. This money has strings attached to it and weakens the City's ability to support itself.

DeLoy Mecham, County – Mr. Mecham said he does not work on a budget. The City is lucky to work on a budget and does a good job. If the City had to work on the budgets they have to work on it's a totally different world. The City budgets everything and figures what it takes to run a business; businessmen are just the opposite. They have to look at what the competition is and lower prices to compete. Cities do just the opposite and look at other cities and see what other mayors are doing. He said he was glad Commissioner Adams was in attendance. She steered him to an economic development class. He has been doing some classes with Zundell and English. They have helped his business by 20-30% from a year ago. He thanked them for organizing that.

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

SCHEDULED DELEGATION

County Update

Commissioners Adams and Summers came to the table. Commissioner Adams excused Commissioner Tingey. He received a call from the State of Utah who is bringing in a company. He is the commissioner over economic development, so he is taking the representatives around the county. It could potentially employ 650 people. Economic development is the top priority for the county. They appreciate everything the City does and they enjoy working with Mr. Larsen. The county does not have municipal services so they have to come to the City. The County and City worked together on Procter and Gamble and they are working on several others where the City and County could be partners. It is because the City has looked forward that the county is able to attract businesses.

Commission Summers reported that the business Commissioner Tingey is meeting with is being called Project Sam. They came to Brigham City on Tuesday and they really liked the City because "it has a really good feel to it."

Commissioner Adams said the County partnered with the Bird Refuge on a grant to extend the walkway a mile and a half. The grant will also provide fishing and hunting programs for kids.

Commissioner Adams stated that the County is just starting their budget. They are facing several issues. Ruby Pipeline appealed their property tax and won. The county will lose \$172,000. This will also affect the City.

They retired two RDAs. This will free up some money for County residents. They are also looking at paying the landfill bill and reducing the jail bond. They will lose \$200,000 on their PEL money.

They expressed appreciation to the City and staff for their cooperation on several projects.

Update on Constitution Day Program

Ms. Niny Christensen came forward and said their Constitution Day plans are coming along. The tabernacle program that was planned had to be eliminated because it was too expensive. The Brigham City merchants will have a Constitution Day sale. She spent all day visiting parks and talking to people in the area. She expressed concern with recent activities in the City. Everything that is done here should be based on Constitutional principles. In 2004 Congress issued a public law stating that every public official should be knowledgeable on the Constitution. The Council should keep it in their heads every time they attempt to make a decision.

Ms. Christensen has been contacting people that give away free calendars. September 17 is Constitution Day and it is rarely on calendars. She is going to try and change that.

The purpose of this is not just to have a celebration; it is to build a desire in the community to know what we have. Five countries who tried to adopt a constitution at the same time the United States adopted ours. The United States is still the only country that still has a Constitution. She felt it is in danger, so everyone needs to get busy so we know what we have. It is what makes United States special. The sole purpose of the Constitution is to protect our rights. It is not created for the government to give to the citizens but to protect them.

NEW BUSINESS

Discussion on Metropolitan Planning Organization (MPO)

Mr. Leonard came forward and explained the MPO. It is a federally mandated and federally funded transportation policy-making organization in the United States. It was created by the U.S. Congress by the Federal Aid Highway Act of 1962. Regional authorities are required for any urbanized area with a population of more than 50,000. When the 2010 census was completed, it showed that the area of Brigham City, Perry, Willard and South Willard exceeded that population threshold.

The City has had a presentation from both MPOs – the Wasatch Front Regional MPO and the Cache MPO. Brigham City applied for funding for the 1100 West 1100 South intersection and was approved for \$1.5M. However, it will not be available for three years. If the City decides not to go with the Wasatch Front MPO the project will not be funded by them and the City will have to apply with the Cache MPO.

If the City decides to go with Cache, they will set up a technical advisory committee which Brigham City will be part of. There are a lot of common threads between Brigham City and Logan. I-15 comes from the south, Highway 89 from the south and going to Cache Valley. In the Wasatch MPO there are 28 cities that applied for \$85M from the federal TIP money this year. Twelve of those cities received approximately \$12M. Mr. Leonard felt that the chances of the City securing a project with the Wasatch MPO are slimmer than with Cache. The sums are not as great, but the City could receive smaller amounts of funding on a regular basis.

Councilmember Ericson felt it would be better to join the Wasatch MPO where there is potential to have greater leverage on projects. The City will probably get the same money with either MPO, but if it is a \$20M project it will have to build up with Cache MPO. If it was feasible and competitive with the other members, Wasatch MPO would have the resources to build something like that and additional funding for a period of time.

Mayor Fife explained that Cache is proposing to form a new MPO which includes Cache and Box Elder and call it the Bear River MPO. There would be a separate committee in this area and some money would be set aside just for this area. He felt the 1100 South 1100 West intersection could be done sooner with the Cache MPO because they already have \$400,000 that would be transferred and another \$400,000 in July. There is also CMAQ money that could be applied to this project.

Mr. Leonard said both MPOs are anxious for a decision. He felt that the City had a better chance of going with a smaller organization even though the bigger projects are not being funded at the amounts the larger MPOs could fund, even though the City will probably not lose either way.

Councilmember Jensen wanted to know how much it costs to join either one of these and how many member cities they have. Mr. Leonard will provide this information.

Councilmember Ericson asked what type of projects they are willing to fund. Mr. Leonard replied that the Wasatch MPO likes to fund \$1M-\$2M. Environmental concerns will merit higher on a project.

Discussion on REDLG Loan to Hotel Developer

Mr. Larsen approached the Council and said one of the items the task force recommended was that there be collateral on the loan in the event of a default. He met with Western States Lodging and discussed the issue with him. They offered first position liens on properties they own that are currently unencumbered. One is the home of one of the principals located in Mantua valued at \$500,000. He would like to assemble a list of the properties, have them appraised, and then get the trust deeds in place if the Council agrees with these actions.

Mr. Jeff Thorne, City Attorney, joined Mr. Larsen at the table. He explained that the purpose behind REDLG loans is to stimulate economic development. The United States Department of Agricultural is willing to make loans based on certain conditions. They do this through a government entity, such as Brigham City.

Mayor Fife added that the letter of credit the City asked the developer to provide will cost 1¾ - 2½%. Western Lodging will pay this expense.

There was a lengthy discussion on the use of tax increment vs. the REDLG loan. Tax increment would be a loss of revenue and the REDLG loan is not.

MOTION: Councilmember Ericson made a motion to instruct Mr. Larsen to work with the developer to come up with a list of properties and their value to bring back to the Council to make a decision. The motion was seconded by Councilmember Thompson. Councilmember Ericson, Councilmember Rex, Councilmember Thompson and Councilmember Vincent voted aye. Councilmember Jensen voted nay. The motion carried 4-1.

PUBLIC COMMENT

Sarah Bernsdorff, Brigham City – Ms. Bernsdorff thanked the Council for all they do, even though she does not always agree with their decisions. On street economics is the only economic theory that does not create more problems than it solves. By its philosophy, economy and capitalism is a world of the survival of the fittest. She asked why Brigham City would want a business that is unable to take root without help, especially to benefit from a project that the City should not be putting money towards in the first place. The City needs to encourage businesses that are hardy and can take care of themselves.

Lee Johnson, Brigham City – Mr. Johnson said one of the things that came to his mind while the Council was discussing MPOs is that it sounds like a biblical discussion where the Hebrews are trying to decide whether they want to jump in the lion's pit or the bear's pit in order to get the money. That is the situation the City is in. The Romans in Washington are making all the rules and we agree to it by jumping through all their hoops. He looked up the definition of soviet; it means council, something that is run by councils of government. When the City starts joining these councils, it is recreating a system that fell in the 1980s.

One of the interesting things he noticed about the budget is that the accounting method does a great job of being able to look at each tree in the forest. However, it does not clarify whether or not the forest is too large. For example, the pool's loss over the last seven years is \$645,565. That is the accounting loss; however the opportunity loss, which is what the citizens could have spent their money on, is \$2,112,894. That is a lot of money that could have gone for other things, but instead we continue to put it towards a luxury.

Ron Germer – Mr. Germer came forward and stated that he spent time on the hotel task force. He felt that the purpose of the task force was to spread it around and explain what the City is thinking about doing. He talked to dozens of people, and with everyone on the task force doing the same they talked to a lot of

people. A lot of the responses were negative. But they got together and they were nearly unanimous when they came up with bullet points to present to the Mayor. He sees it fading little. The task force said that they would rather see the hotel built without the REDLG loan. It looks like the hotelier is trying to lever in there and does not have the backing. He doesn't care how it is packaged, it's still a million dollars and people don't like it. It is not more equity; it is just another loan from another place. Another thing they talked about is that the church should be handled before the City turns a spade of dirt. That was a consensus of the people they talked to. The church has figured out how to sue the City because they have done it and won. This tells us that this might happen again.

DeLoy Mecham, County – Mr. Mecham is avidly against BRAG. He said it is the biggest social program in this area. If the City suckers into their program they are jumping in with the devil. He has studied them for years. He cautioned the Council to be very careful. They have made so many people not be able to function in life and have made a lot of businesses go broke. When the Council thinks about the MPOs, think about the City and exactly what the City is worth. Brigham City is a great City, but when it gets involved in something like this, it is like fighting for bucks. The City does not have to do that.

Bonnie Germer, Brigham City – Ms. Germer reminded the Council of what Ron said. He brought up a really good point. The church people are nice people, but they did sue the City and they won and they will do it again. The problem the City got into was putting in the free speech zone to upset them. This was not necessary. Mormons can take care of themselves. If she got off the bus and they pushed a flier in her face she can either take it or leave it. The City got into a mess that they shouldn't have. They brought in the ACLU. Why would the City put the citizens in that position? They won; they will do it again. They have the property the City needs. The Council is going to put the citizens in the position that they have to pay over and above the value of that church just because the City wants it. The Council doesn't have to pay it; she is going to get the bill for it. The citizens are going to get the bill if the Council screws up. She felt that way three years ago when the Council was making a deal behind closed doors. Now the City is in trouble because the Council is not going to back off. She is tired of it coming this close and the Council does not listen to anyone. Therefore, the City is in trouble.

DeAnna Hardy, County – Ms. Hardy said she was reading the newspaper that said “small business development center, is there grant money for me?” Where does all this grant money come from? Where does all the grant money come from that the City is using to do all these projects? It comes from all us. The Council swore an oath that they would defend the U.S. Constitution and the Utah Constitution and protect property rights. Part of that property is our money. The City just keeps spending it and getting into these business deals that the City has no business doing. That is not the proper role of government. The businesses that came to Brigham City earlier did not get anything like this; they came on the free market principle and that is the correct principle. Government has strayed too far from the U.S. Constitution. The people want leaders who will stand up and defend their property, which is their money. This redevelopment business is on the backs of all the citizens. When the City gets money from the federal government, where does this money come from? It comes from all the citizens. The City should break ties with the federal government because whenever the City is with them there are strings attached.

JoAnn Penrod, Brigham City – Ms. Penrod has lived in Brigham City for 51 years and she loves it. She has served on a lot of committees. There are great people in this City. She thanked the City employees. She called the City about a home that is vacant on the corner of 600 East and Sunset. There was a large area with an iron grate over it, but when she walked by the grate was gone. She called the City and within hours they were there putting in a new one and thanked her for calling. There could have been children lost in there and not even been aware of it. Currently she is serving on the Christensen Academy Committee and she has fallen in love with that edifice and the people that are involved in it. She encouraged everyone to come to the concert on July 22 on the south lawn. Councilmember Ericson added that also on that day the City is doing a historic home tour on 100 and 200 East. Councilmember Jensen said last year Councilmember Thompson, Mayor Fife and she were the only councilmembers that attended the concert. She encouraged the other councilmembers to attend.

Mayor responded to some of the comments. He said the Council is listening. What he read on the hotel task force's recommendations was that it would be better without the REDLG loan, but if it was necessary

to make sure the City had the backing for it. Mr. Germer agreed. The Mayor said this is what they have tried to do.

Mayor Fife said the City is currently having an appraisal done on the church. They are meeting with the Mayor and staff the first week in July to make an offer. The City is moving forward with all of these suggestions.

OTHER BUSINESS

The Mayor and Council discussed the upcoming retreat scheduled for July 27. This was changed to July 20 at 7:30 a.m.

The meeting adjourned at 8:55 p.m.