

**SPECIAL SESSION OF THE
BRIGHAM CITY COUNCIL
June 27, 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
Bruce Leonard City Administrator
Paul Tittensor Police Chief

PUBLIC HEARING

Adjustments to the Brigham City FY2012-13 Budgets of the Various Funds and Departments and to Reflect the Changes Recommended by the City Council to Said Budgets.

Mr. Roberts explained that the proposed changes in the General Fund total \$641,000 of which \$501,000 is related to direct revenues, such as grants and revenues. Most of these items have been brought to the Council earlier in the year. An additional \$104,000 is for overages in the Ambulance Department because they were making a lot more runs than in the previous year.

A few projects that were not completed need to be carried over from last year's budget to the 2013-14 budget. One is a water project to put in a 24" gate valve. Another is \$35,000 for power source development. In addition, \$200,000 was funded for 100 East improvements that were not completed. There was a \$60,000 police capital project that they are working on now. Mr. Roberts estimated \$34,000 of that will be spent before budget year end; however, there is another \$26,000 to complete the project. This money is in the budget, but it was recommended this be moved to capital projects in the 2013-14 budget.

The public hearing was opened for comments. There were no comments from the public. A motion to close the public hearing was made by Councilmember Ericson, seconded by Councilmember Jensen and unanimously carried.

MOTION: A motion to accept the resolution with the adjustments as explained by Mr. Roberts was made by Councilmember Ericson, seconded by Councilmember Jensen and unanimously carried.

NEW BUSINESS

Resolution Increasing Electric Rates by 2.82%, Creating a 3-Tiered Structure for Residential Rates, and Imposing a Residential Service Fee

Mr. Roberts explained the changes in the proposed resolution. There is a new \$4.00 service fee for each line to cover the City's fixed costs.

The 3-tiered structure is to be in line with how Rocky Mountain Power charges the City. During the summer months the following rates will apply:

<u>KWH</u>	<u>Rate</u>
0-400	8.84¢
401-999	10.10¢
Over 1000	11.50¢

The current rate is 9.64¢ per kWh. The resolution changes the winter rate to 8.87¢ per kWh. These rates include the \$4.00 service fee and a 2.82% increase to cover an increase from RMP.

City Staff applied these rates, without the 2.82% increase, to every customer's bill over the last year and the revenue to the City was within \$2,000 on \$6M revenue.

DeLoy Mecham, County – Mr. Mecham asked how much money has been put back into the General Fund. He gave several suggestions on how citizens can save electricity.

Dale Smith – Mr. Smith said several years ago he was appointed to a committee by the Council to study the advocacy of electric utility transfers. He researched from coast to coast, talked to several universities and professors and presented the City with a thick book showing his opinion. The rest of the committee went to the coffee shop and came back to the Council and said people like it. They provided nothing of an academic nature.

Mr. Smith stated that when the City talks about revenue, they are talking about profits. The increase in rates is not to cover the cost of maintaining the electricity; it is being raised to maintain the City's profit margin. His study shows that when the City relies on the Electric Department they don't worry about how money is being spent because electric rates can always be increased. A former Finance Director told him that the City raises rates because it is easier than raising taxes. This is not money to maintain the Electric Department. When Mr. Roberts says revenue, he really means profits to be used for other things. Doing this is a house of cards. If there was some national event to make electric rates increase 20%, the City would have to increase property taxes exorbitantly to make up the difference to keep up with spending. He added that his study is available for any of the councilmembers to read.

DeAnna Hardy, County – Ms. Hardy said she hears a lot from people that government spends a lot of money on special interests projects; such as recreation, entertainment, health care. People are hurting. She asked the Council to cut back on spending in other areas so rates do not have to be raised.

Mr. Roberts discussed the transfer. There is a difference between revenue and profit. If the City increased revenue by \$50,000 in two months, approximately \$7,000-\$7,500 would go to the general fund. It is not a direct correlation of revenues and profits. If the City were to get rid of the transfer from the utility fund to the general fund, property taxes would have to be increased approximately 400-500%. A big reason to increase rates rather than property taxes is because not everyone pays property taxes. Several big users in the City are non-profits, such as churches. Renters, schools and government buildings do not pay property taxes.

Councilmember Ericson agreed with Mr. Smith that the transfer was getting too high. In order to prevent this, last year the Council passed a resolution to cap it at 15%. Mr. Smith said his calculations seven years ago was that if Brigham City did not have an electric utility, in order to get the same amount of money into the general fund, property taxes would have to be increased above the state's legal limit. He said this makes him wonder what other cities do to maintain the same quality of life that do not have an electric utility. Mayor Fife said most of them have much more sales tax and industry. Mr. Roberts said all the cities comparable to Brigham City have a municipal energy tax of 6%; Brigham City's is at 4% and when Mr. Smith did his study it was probably at 1.5%. Mayor Fife said the City has absorbed over 25% increases from RMP in the Electric Department. It is no longer the cash cow. The other utilities are helping to carry that department. Ms. Hardy asked about all the money the City gives out to citizens for things like pickleball courts. If the City stopped giving money for special interest groups and go back to having the swimming pool done by private ownership. Councilmember Jensen said that is a possibility, but the City is not at that point.

MOTION: Councilmember Rex made a motion to approve the resolution increasing electric rates by 2.82% and creating a 3-tier structure for residential rates and impose a residential service fee of \$4.00. The motion was seconded by Councilmember Vincent. Councilmember Jensen reminded the Council that because the citizens are asking the Council to be mindful of the transfer, the Council needs to be careful and be very frugal. Councilmember Rex agreed. He added that if Brigham City did not have an electric utility, citizens would be paying RMP and the City would not get anything in return. Councilmember Vincent said this utility is a great asset to the City. Councilmember Ericson,

Councilmember Jensen, Councilmember Rex, Councilmember Thompson and Councilmember Vincent voted aye. Voting was unanimously.

The meeting adjourned at 7:38 p.m.