

AGENDA
HIGHLAND CITY COUNCIL MEETING
January 21, 2014

7:00 p.m. Regular City Council Session
Highland City Council Chambers, 5400 West Civic Center Drive, Highland Utah 84003

7:00 P.M. REGULAR SESSION – CITY COUNCIL CHAMBERS

CALL TO ORDER – Mayor Mark Thompson
INVOCATION – Dennis LeBaron
PLEDGE OF ALLEGIANCE – Tim Irwin

APPEARANCES

- 1. Time has been set aside for the public to express their ideas, concerns, and comments.**
(Please limit your comments to three minutes each.)

CITY COUNCIL/MAYOR ITEMS

- 2. Time has been set aside for the City Council & Mayor to make comments.**

ADMINISTRATION/STAFF ITEMS

- 3. Time has been set aside for Administration and Staff to make comments.**

REPORTS/PRESENTATIONS

- 4. Presentation: Oath of Office** – Highland City Youth Council
- 5. Report: Comprehensive Annual Financial Report** - for Fiscal Year 2012-2013

CONSENT

- 6. MOTION: Approval of Meeting Minutes for City Council Work & Regular Sessions** – January 7, 2014
- 7. MOTION: Approval of a Local Government Agreement for the design of the parking lot and park** - North of Mitchell Hollow Park along 10400 North.

8. MOTION: Approval of a Contract with Highland Town Plaza, LLC (WPI) – The purchase 0.36 acres and a 0.178 acre easement known as the Highland Water Company Building.

9. COMMUNICATION ITEMS *(These items are for information purposes only.)*

1. Impact Fees – Nathan Crane, Community Development Director
2. Goal Setting Meetings – Aaron Palmer, City Administrator

ADJOURN TO A CLOSED EXECUTIVE SESSION

The City Council will recess into a closed executive session for the purpose of discussing

- The purchase, exchange, or lease of real property and reasonably imminent litigation;
- The sale of real property; including any form of water right or water shares;
- The character, professional competence, or physical or mental health of an individual.

Pursuant to Section 52-4-205(1) of the Utah State Code Annotated.

RECONVENE CITY COUNCIL MEETING

ADJOURNMENT

CERTIFICATE OF POSTING

The undersigned duly appointed City Recorder does hereby certify that on this **13th day of January, 2014**, the above agenda was posted in three public places within Highland City limits. Agenda also posted on State (<http://pmn.utah.gov>) and City websites (www.highlandcity.org).

JOD'ANN BATES, City Recorder

THE PUBLIC IS INVITED TO PARTICIPATE IN ALL CITY COUNCIL MEETINGS.

**If you need a special accommodation to participate in the City Council Meetings,
please call the City Recorder's Office at least 48 hours prior to the meeting at (801) 772-4505**

**HIGHLAND CITY, UTAH
FINANCIAL STATEMENTS**

For The Year Ended June 30, 2013

**HIGHLAND CITY, UTAH
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Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Brent E. Christensen, CPA
Phyl R. Warnock, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
Highland City
Highland City, Utah

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Highland City, Utah (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Salt Lake City, Utah 84123

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as noted in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

December 19, 2013

HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2013

The management of Highland City presents the following narrative and analysis of the financial statements and financial activities of Highland City as prescribed by the Government Accounting Standards Board (GASB). The information and analysis pertains to the fiscal year ended June 30, 2013.

Financial Highlights

The assets of Highland City exceeded its liabilities at June 30, 2013 by \$113,852,278 (net position). Of this amount \$3,065,803 (unrestricted net position) may be used to meet the government's ongoing obligations.

Highland City's total net position decreased by \$2,359,994. Elements of the decrease were: 1) Interest payments on debt); 2) ongoing operations of the governmental activities; 3) ongoing operations of the business-type activities assets.

Highland City's governmental funds reported combined ending fund balances at June 30, 2013 of \$1,876,686 a decrease of \$97,131 in comparison to the prior year. At June 30, 2013 unrestricted fund balance of the general fund was \$1,236,161, or 20.5% of total general fund expenditures for the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Highland City's basic financial statements. Highland City's basic financial statements comprise three components; 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's financial position and changes in financial position, similar to consolidated financial statements in a private sector business. The statements consist of the Statement of Net Assets and the Statement of Activities.

The Statement of Net Position presents information on all of Highland City's assets, liabilities, and deferred inflows of resources, with the difference between the three reported as net position. Increases or decreases over time in net position gives an indicator as to whether the financial condition of the City is improving or declining.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., debt interest payment when the fiscal year ends between interest payments).

Both of the government-wide financial statements distinguish functions of Highland City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Highland City include general government, public safety, streets and public improvements, parks and recreation, cemetery and garbage. The business-type activities of Highland City include services for water, pressurized irrigation, sewer (sanitary), and storm sewer.

HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013

The government-wide financial statements include Highland City (known as the primary government) and a separate legal entity (known as component unit). The financial information for the Highland Open Space Special Service District is included in the financial statements. However, because the City's governing body is the same as the governing board of this component unit and can substantially control it, their financial information is blended and reported together with the financial information presented for the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Highland City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. All of the funds of Highland City can be divided into two categories; governmental funds and proprietary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Highland City maintains eight (8) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and three capital projects funds, all of which are considered to be major funds. Data from the other three (3) governmental funds is provided in the form of individual and combining statements elsewhere in this report.

Highland City adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

Proprietary funds

Highland City maintains one type of proprietary fund known as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water, pressurized irrigation, sewer, and storm sewer.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water, sewer, secondary water and storm sewer.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents combining statements referred to earlier in connection with nonmajor governmental funds. They are presented immediately following the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net position is an indicator of a government's financial position. In the case of Highland City, assets exceeded liabilities by \$113,708,852 at the close of the fiscal year. The largest portion of the City's net assets reflects its investment in capital assets (land, buildings, machinery and equipment) and infrastructure (roads, sidewalks, curb and gutter and various utility lines and storage facilities); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

	Governmental Activities 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012
Current and other assets	\$ 5,620,097	\$ 5,563,543	\$ 2,865,038	\$ 2,409,439
Capital assets	77,843,524	80,716,579	48,098,269	48,942,653
Total Assets	\$ 83,463,621	\$ 86,280,122	\$ 50,963,307	\$ 51,352,092
Current and other liabilities	\$ 2,323,926	\$ 2,217,922	\$ 253,843	\$ 275,828
Long-term liabilities	11,165,998	11,665,608	5,254,013	5,727,995
Total Liabilities	13,489,924	13,883,530	5,507,856	6,003,823
Deferred inflows of resources	1,576,870	1,532,589	-	-
Net assets:				
Net investment in capital assets	66,677,526	69,050,971	42,944,607	43,308,656
Restricted	104,768	655,080	819,149	550,222
Unrestricted	1,614,533	1,157,952	1,691,695	1,489,391
Total Net Position	68,396,827	70,864,003	45,455,451	45,348,269
Total Liabilities, deferred inflows of Resources, and Net Position	\$ 83,463,621	\$ 86,280,122	\$ 50,963,307	\$ 51,352,092

HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013

	Governmental Activities 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012
Revenues:				
Program revenues:				
Charges for services	\$ 2,573,917	\$ 2,871,995	\$ 4,040,623	\$ 4,011,418
Operating grants and contributions	9,693	10,035	-	-
Capital grants and contributions	1,292,693	1,037,630	459,650	242,350
General revenues:				
Property and uniform vehicle taxes	1,909,750	1,955,803	-	-
Other Taxes	2,660,938	2,523,392	-	-
Other	31,547	55,957	15,763	14,442
Gain (loss) on disposition of assets	11,732	-	-	-
Total Revenues	8,490,270	8,454,812	4,516,036	4,268,210
Expenses:				
General government	1,915,383	1,674,594	-	-
Public safety	3,024,762	2,950,662	-	-
Streets and public improvements	3,877,880	3,798,706	-	-
Parks and recreation	999,897	976,014	-	-
Cemetery	112,005	104,149	-	-
Garbage	562,627	539,253	-	-
Interest on long-term debt	464,892	502,013	-	-
Water	-	-	905,639	833,000
Pressurized irrigation	-	-	1,448,442	1,421,266
Storm sewer	-	-	400,047	337,936
Sewer	-	-	1,654,726	1,531,942
Total Expenses	10,957,446	10,545,391	4,408,854	4,124,144
Increase (Decrease) in net position before transfers	(2,467,176)	(2,090,579)	107,182	144,066
Transfers	-	-	-	-
Increase in Net Position	(2,467,176)	(2,090,579)	107,182	144,066
Net Position - Beginning	70,864,003	73,194,022	45,348,269	45,292,224
Adjustment related to implementation of new accounting standard (see Note 14)	-	(239,440)	-	(88,021)
Net Position - Ending	\$ 68,396,827	\$ 70,864,003	\$ 45,455,451	\$ 45,348,269

Governmental activities. As noted in the table above, governmental activities decreased the City's net assets by \$2,467,176. Key elements of the decrease were as follows:

1. Interest payments on long-term debt.
2. Increased payments for public safety expenses.
3. Increased expenditures for road maintenance projects.

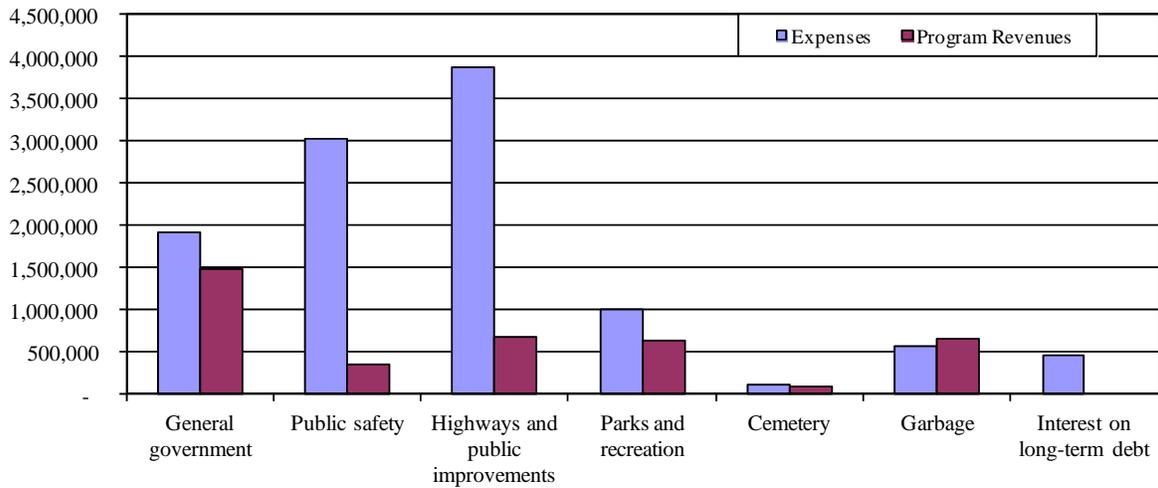
**HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013**

Business-type activities. As noted previously in the table, business-type activities decreased the City's net assets by \$41,244. Key elements of the decrease were as follows:

1. Increased costs to provide culinary water, pressurized irrigation, storm sewer, and sewer services to the City's residents.
2. No significant increases to fees charged for the aforementioned services.

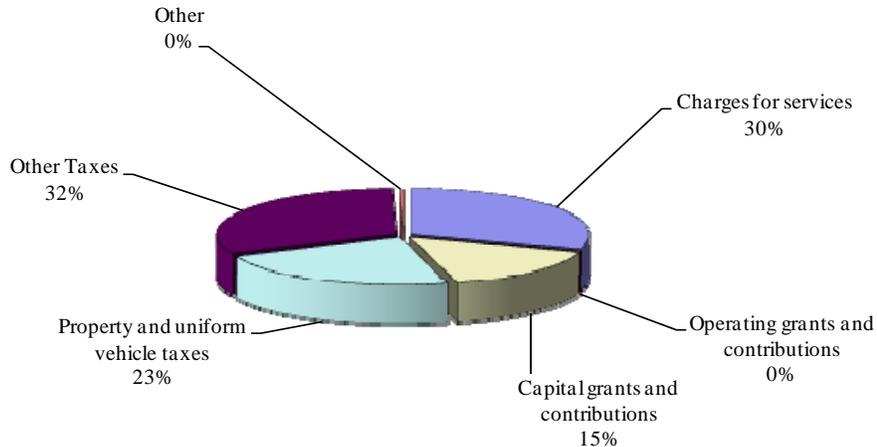
The following chart displays the governmental activities program revenues compared to expenses attributed to the activity.

Expenses and Program Revenues - Governmental Activities



The following chart displays the governmental activities program revenues by type.

Revenues by Source - Governmental Activities

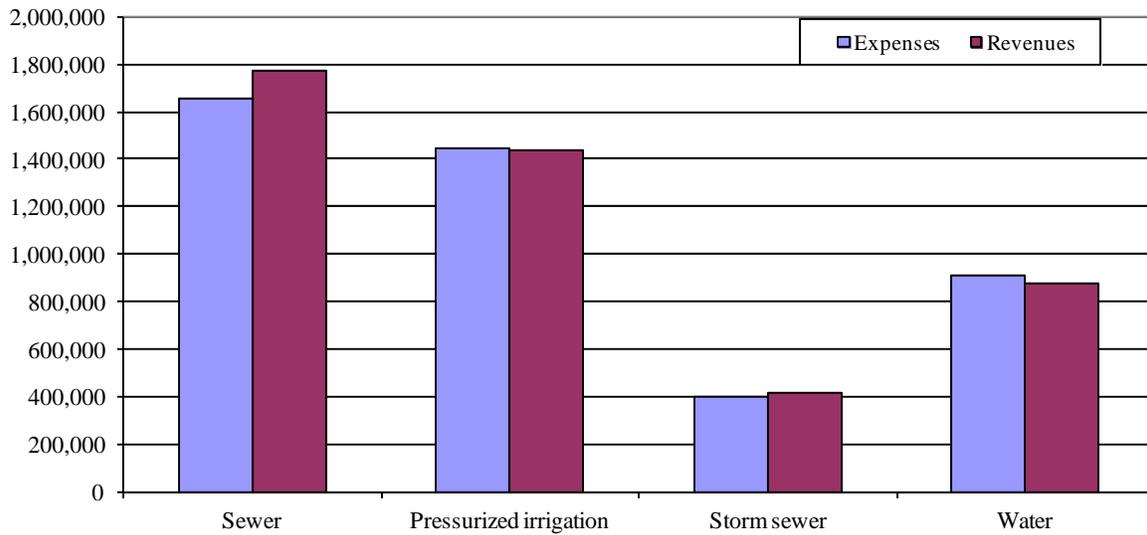


**HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013**

Business-type Activities

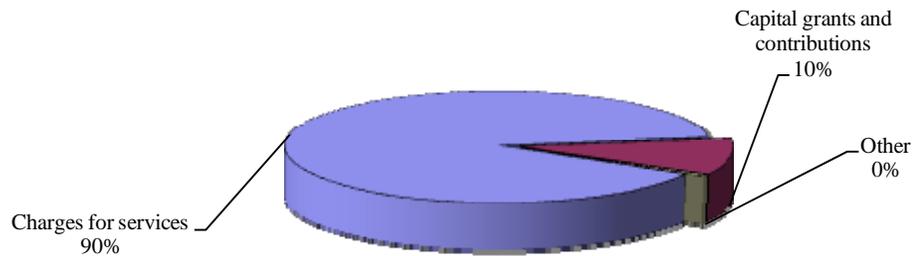
The following chart displays the business-type activities revenues compared to program expenses attributed to the activity. Traditionally business-type activities are self-supporting and the chart depicts the relationship of revenues to expenses.

Expenses and Program Revenues - Business-type Activities



The following chart displays the business-type activities revenues by type.

Revenues by Source - Business-type Activities



HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance is a useful measure of the government's net resources available for spending at the end of the fiscal year.

At June 30, 2013, the City's governmental funds reported combined ending fund balances of \$1,876,686, which was a decrease of \$97,131 in comparison with the prior year.

The general fund is the main operating fund of the City. At June 30, 2013, unrestricted fund balance of the general fund was \$1,280,280. A comparison of the unrestricted fund balance and total fund balance to total general fund expenditures is a measure of liquidity. Unrestricted fund balance represented 21.2% of total general fund expenditures. The City's unrestricted general fund balance increased \$242,296 during the fiscal year ended June 30, 2013.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements in more detail.

Culinary Water Fund-Unrestricted net assets at June 30, 2013 amounted to \$992,552 an increase of \$279,566 from the previous year. Operating revenues were \$876,437 and operating expenses were \$905,639.

Pressurized Irrigation fund-Unrestricted net assets at June 30, 2013 amounted to a deficit of \$33,779, a decrease of \$67,609 from the previous year. Operating revenues were \$1,237,757 and operating expenses were \$1,236,159.

Sewer fund-Unrestricted net assets at June 30, 2013 amounted to a deficit of \$859,207, an increase of \$270,975 from the previous year. Operating revenues were \$1,511,711 and operating expenses were \$1,654,726.

Storm sewer fund- Unrestricted net assets at June 30, 2013 amounted to \$95,504 an decrease of \$138,858 from the previous year. Operating revenues were \$414,718 and operating expenses were \$400,047.

General Fund Budgetary Highlights

During the fiscal year, the general funds original budget was amended from \$8,077,356 (\$6,036,856 expenditures and \$2,040,500 transfers) to a final budget total of \$7,432,137 (\$6,221,744 expenditures and \$1,210,393 transfers). This year's budgeted revenue increased from the prior year on the anticipation of increased tax revenues, however, after the original budget was approved, the increase in taxes was rejected and the final budget was, therefore, reduced. Expenses increased due largely to increased public safety expenditures.

Capital Assets and Debt Administration

Capital Assets. Highland City's investment in capital assets from governmental and business-type activities as of June 30, 2013 was \$125,941,793 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and water stock. The total decrease in the City's investment in capital assets for the current year was \$3,719,111, which is primary as a result of depreciation during the year.

HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013

Highland City's Capital Assets

	Governmental Activities 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012
Land	\$ 39,607,624	\$ 39,607,624	\$ 534,455	\$ 534,455
Buildings	14,080,927	14,080,927	1,157,289	1,157,289
Improvements other than buildings	67,895,235	67,895,235	32,929,299	32,929,299
Machinery and equipment	1,932,162	1,946,968	2,046,752	2,046,752
Construction in progress	981,496	250,032	275,000	-
Water shares	-	-	23,356,934	23,339,985
Total	<u>124,497,444</u>	<u>123,780,786</u>	<u>60,299,729</u>	<u>60,007,780</u>
Less accumulated depreciation	(46,653,920)	(43,064,207)	(12,201,460)	(11,063,455)
Total Capital Assets	<u>\$ 77,843,524</u>	<u>\$ 80,716,579</u>	<u>\$ 48,098,269</u>	<u>\$ 48,944,325</u>

Additional information on the City's capital assets is available in the notes to the financial statements.

Long-term debt. On June 30, 2012 the City had a total bonded debt outstanding of \$14,145,979. Of this amount \$3,234,897 was considered general obligation debt and was backed by the full faith and credit of the City.

Highland City's Outstanding Debt

	Governmental Activities 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012
General obligation bonds	\$ -	\$ -	\$ 3,234,897	\$ 3,663,831
Revenue bonds	10,911,082	11,417,945	-	-
Other long term debt	<u>254,916</u>	<u>247,663</u>	<u>1,918,765</u>	<u>1,970,166</u>
Total	<u>\$ 11,165,998</u>	<u>\$ 11,665,608</u>	<u>\$ 5,153,662</u>	<u>\$ 5,633,997</u>

The Utah State Constitution limits the amount of general obligation debt a municipal government may issue at 4% of its total taxable property value of \$764,383,463, except cities of the third class (Highland City is classified as a third class city) may issue debt up to an additional 8% of its total taxable property value of \$764,383,463 for water systems, artificial lighting systems or sewer systems. On June 30, 2013 the City's limitation was \$30,575,339 and the additional limitation was \$61,150,677, the current general obligation bonds are \$3,234,897.

Economic Factors and Next Year's Budgets and Rates

Economic trends of the state and region are better than the national indices and continue to show modest improvement. Home construction is up and the economy is improving at a moderate pace; as a result the revenues were budgeted slightly higher than the current year. These and other factors were considered in preparing Highland City's budget for the 2013-2014 fiscal year. We are hoping the economy continues to rebound in 2013-2014. During the current fiscal year, unassigned fund balance in the general fund increased by \$286,415. The general fund unrestricted fund balance of \$1,280,280 represented 21.2% of general fund revenues which is within the range of 5% to 25% limit allowed by state law. Use of the fund balance was primarily for maintaining the level of funding for capital projects.

HIGHLAND CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2013

Request for Information

This financial report is designed to provide a general overview of Highland City's activities for those with an interest in the City's operations and position. Questions concerning the information provided in this report or requests for additional financial information should be addressed to: Highland City, Finance Director, 5400 W. Civic Center Drive, Suite #1, Highland, Utah 84003.

BASIC FINANCIAL STATEMENTS

HIGHLAND CITY, UTAH
STATEMENT OF NET POSITION
June 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 1,335,060	\$ 1,911,252	\$ 3,246,312
Receivables:			
Accounts	1,440,943	134,637	1,575,580
Taxes	2,097,187	-	2,097,187
Internal Balances	-	-	-
Restricted cash and cash equivalents	273,907	819,149	1,093,056
Land held for resale	473,000	-	473,000
Capital Assets:			
Non-depreciable Capital Assets	40,589,120	24,166,389	64,755,509
Depreciable Capital Assets (net)	37,254,404	23,931,880	61,186,284
Total Assets	<u>\$ 83,463,621</u>	<u>\$ 50,963,307</u>	<u>\$ 134,426,928</u>
Liabilities:			
Accounts payable	\$ 420,819	\$ 192,448	\$ 613,267
Accrued liabilities	42,709	8,257	50,966
Accrued interest payable	157,385	53,138	210,523
Developer and customer deposits	169,244	-	169,244
Unearned revenues	1,533,769	-	1,533,769
Noncurrent Liabilities:			
Due within one year	609,395	398,720	1,008,115
Due in more than one year	10,556,603	4,855,293	15,411,896
Total Liabilities	<u>13,489,924</u>	<u>5,507,856</u>	<u>18,997,780</u>
Deferred Inflows of Resources			
Unearned property tax revenue	1,576,870	-	1,576,870
Total Deferred Inflows of Resources	<u>1,576,870</u>	<u>-</u>	<u>1,576,870</u>
Total Liabilities and Deferred Inflows of Resources	<u>15,066,794</u>	<u>5,507,856</u>	<u>20,574,650</u>
Net Position:			
Net investment in capital assets	66,677,526	42,944,607	109,622,133
Restricted for:			
Debt Service / park construction	104,768	6,696	111,464
Impact fees	-	792,236	792,236
American Fork Canyon Debris Basin	-	20,217	20,217
Unrestricted	1,614,533	1,691,695	3,306,228
Total Net Position	<u>68,396,827</u>	<u>45,455,451</u>	<u>113,852,278</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 83,463,621</u>	<u>\$ 50,963,307</u>	<u>\$ 134,426,928</u>

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue & Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 1,915,383	\$ 1,483,857	\$ -	\$ -	\$ (431,526)	\$ -	\$ (431,526)
Public safety	3,024,762	287,279	9,693	53,838	(2,673,952)	-	(2,673,952)
Streets and public works	3,877,880	38,618	-	634,549	(3,204,713)	-	(3,204,713)
Parks and recreation	999,897	29,699	-	604,306	(365,892)	-	(365,892)
Cemetery	112,005	81,340	-	-	(30,665)	-	(30,665)
Garbage	562,627	653,124	-	-	90,497	-	90,497
Interest	464,892	-	-	-	(464,892)	-	(464,892)
Total Governmental Activities	10,957,446	2,573,917	9,693	1,292,693	(7,081,143)	-	(7,081,143)
Business-type Activities:							
Sewer	1,654,726	1,511,711	-	259,448	-	116,433	116,433
Pressurized irrigation	1,448,442	1,237,757	-	200,202	-	(10,483)	(10,483)
Storm sewer	400,047	414,718	-	-	-	14,671	14,671
Water	905,639	876,437	-	-	-	(29,202)	(29,202)
Total Business-type Activities	4,408,854	4,040,623	-	459,650	-	91,419	91,419
Total Government	\$ 15,366,300	\$ 6,614,540	\$ 9,693	\$ 1,752,343	(7,081,143)	91,419	(6,989,724)
General Revenues:							
Taxes:							
Property				1,745,146	-	1,745,146	
Vehicle				164,604	-	164,604	
Sales				1,691,767	-	1,691,767	
Franchise				969,171	-	969,171	
Unrestricted investment earnings				8,978	15,763	24,741	
Gain on disposal of assets				11,732	-	11,732	
Miscellaneous				22,569	-	22,569	
Total General Revenues				4,613,967	15,763	4,629,730	
Changes in Net Assets				(2,467,176)	107,182	(2,359,994)	
Net Position, Beginning - Restated, see Note 13				70,864,003	45,348,269	116,212,272	
Net Position, Ending				\$ 68,396,827	\$ 45,455,451	\$ 113,852,278	

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects Roads</u>	<u>Capital Projects Building</u>	<u>Capital Projects Parks</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:							
Cash and cash equivalents	\$ 482,533	\$ 3,187	\$ -	\$ -	\$ 469,115	\$ 380,225	\$ 1,335,060
Restricted cash and cash equivalents	169,244	-	-	-	104,663	-	273,907
Receivables:							
Accounts	7,248	-	-	-	-	4,484	11,732
Taxes	2,097,187	-	-	-	-	-	2,097,187
Exaction fees	-	-	653,467	371,778	403,966	-	1,429,211
Due from other funds	624,322	-	-	-	-	-	624,322
Property held for resale	-	-	473,000	-	-	-	473,000
Total Assets	<u>\$ 3,380,534</u>	<u>\$ 3,187</u>	<u>\$ 1,126,467</u>	<u>\$ 371,778</u>	<u>\$ 977,744</u>	<u>\$ 384,709</u>	<u>\$ 6,244,419</u>
Liabilities:							
Accounts payable	\$ 316,672	\$ -	\$ 59,709	\$ -	\$ 8,892	\$ 35,546	\$ 420,819
Accrued liabilities	37,468	-	-	-	-	5,241	42,709
Due to other funds	-	-	544,102	80,220	-	-	624,322
Developer bonds held	169,244	-	-	-	-	-	169,244
Unearned revenue	-	-	653,467	371,778	508,524	-	1,533,769
Total Liabilities	<u>523,384</u>	<u>-</u>	<u>1,257,278</u>	<u>451,998</u>	<u>517,416</u>	<u>40,787</u>	<u>2,790,863</u>
Deferred Inflows of Resources							
Unearned property tax revenue	<u>1,576,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,576,870</u>
Total Deferred Inflows of Resources	<u>1,576,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,576,870</u>
Fund Balances:							
Nonspendable:							
Property held for resale	-	-	473,000	-	-	-	473,000
Restricted for:							
Debt service / park construction	-	-	-	-	104,768	-	104,768
Committed to:							
Beacon Hills park	-	-	-	-	147,824	-	147,824
Assigned to:							
Debt service	-	3,187	-	-	-	-	3,187
Capital projects & opens space funds	-	-	-	-	207,736	343,922	551,658
Unassigned	<u>1,280,280</u>	<u>-</u>	<u>(603,811)</u>	<u>(80,220)</u>	<u>-</u>	<u>-</u>	<u>596,249</u>
Total Fund Balances	<u>1,280,280</u>	<u>3,187</u>	<u>(130,811)</u>	<u>(80,220)</u>	<u>460,328</u>	<u>343,922</u>	<u>1,876,686</u>
Total Liabilities, Deferred Inflows of and Resources, and Fund Balance	<u>\$ 3,380,534</u>	<u>\$ 3,187</u>	<u>\$ 1,126,467</u>	<u>\$ 371,778</u>	<u>\$ 977,744</u>	<u>\$ 384,709</u>	<u>\$ 6,244,419</u>

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2013

**Amounts reported for governmental activities in the Statement of Net Assets
are different because:**

Total Fund Balances - Governmental Funds	\$	1,876,686
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		77,843,524
Deferred charges, for long term debt are not financial resources and, therefore, are not reported in the funds		-
Interest expense is not due and payable in the current period and therefore is not recorded in the funds.		(157,385)
Long-term liabilities, including bonds, capital leases, and notes are not due and payable in the current period and therefore, are not reported in the funds.		<u>(11,165,998)</u>
Total Net Assets - Governmental Activities	\$	<u>68,396,827</u>

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2013

	General Fund	Debt Service	Capital Projects Roads	Capital Projects Building	Capital Projects Parks	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 4,570,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,570,688
Licenses and permits	501,575	-	-	-	-	-	501,575
Intergovernmental	572,238	-	-	-	-	-	572,238
Impact fees	-	-	72,004	53,838	584,295	20,011	730,148
Charges for services	1,428,419	-	19,928	-	-	336,831	1,785,178
Fines and forfeitures	287,279	-	-	-	-	-	287,279
Interest	1,495	-	-	-	5,636	1,847	8,978
Miscellaneous	22,569	-	-	-	-	-	22,569
Total Revenues	7,384,263	-	91,932	53,838	589,931	358,689	8,478,653
Expenditures:							
Current:							
General government	1,332,183	-	-	-	-	378,113	1,710,296
Public safety	2,829,980	-	-	-	-	-	2,829,980
Streets and public works	630,131	-	440,238	-	-	-	1,070,369
Parks and recreation	613,326	-	-	-	3,500	-	616,826
Cemetery	66,497	-	-	-	-	-	66,497
Garbage	562,627	-	-	-	-	-	562,627
Capital outlay	8,647	-	-	-	731,464	20,093	760,204
Debt service:							
Principal	-	500,000	-	-	-	-	500,000
Interest	-	471,046	3,414	695	-	-	475,155
Total Expenditures	6,043,391	971,046	443,652	695	734,964	398,206	8,591,954
Excess (deficiency) of revenues over (under) expenditures	1,340,872	(971,046)	(351,720)	53,143	(145,033)	(39,517)	(113,301)
Other Financing Sources (Uses):							
Sale of capital assets	10,645	-	-	-	5,525	-	16,170
Transfers in	-	973,000	448,098	-	-	159,221	1,580,319
Transfers out	(1,197,319)	-	-	-	(383,000)	-	(1,580,319)
Total Other Financing Sources (Uses)	(1,186,674)	973,000	448,098	-	(377,475)	159,221	16,170
Net Change in Fund Balances	154,198	1,954	96,378	53,143	(522,508)	119,704	(97,131)
Fund Balances, Beginning	1,126,082	1,233	(227,189)	(133,363)	982,836	224,218	1,973,817
Fund Balances, Ending	\$ 1,280,280	\$ 3,187	\$ (130,811)	\$ (80,220)	\$ 460,328	\$ 343,922	\$ 1,876,686

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2013

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

Net Change in Fund Balances - Total Governmental Funds	\$	(97,131)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets with an initial cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay		760,204
Depreciation expense		(3,628,821)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.</p>		
Asset deletions		(43,546)
Depreciation deletions		39,108
<p>Amortization of bond premiums, reported on the Statement of Activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Bond premiums		6,863
<p>Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Assets. Repayments of bond principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Assets.</p>		
Payment of bond principal		500,000
<p>Expenses are recognized in the governmental funds when paid or due; however, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenses are paid or due. This adjustment reflects the changes due to accrued interest on bonds payable and compensated absences.</p>		
Accrued interest		3,400
Compensated absences		(7,253)
Changes in net assets of governmental activities	\$	(2,467,176)

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For The Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Revenues:				
Taxes	\$ 5,243,946	\$ 4,521,131	\$ 4,570,688	\$ 49,557
Licenses and permits	562,500	585,000	501,575	(83,425)
Intergovernmental	560,000	560,000	572,238	12,238
Charges for services	1,363,000	1,426,646	1,428,419	1,773
Fines and forfeitures	278,000	282,000	287,279	5,279
Interest	1,000	1,000	1,495	495
Miscellaneous	25,000	25,000	22,569	(2,431)
Total Revenues	<u>8,033,446</u>	<u>7,400,777</u>	<u>7,384,263</u>	<u>(16,514)</u>
Expenditures:				
Current:				
General government	1,296,220	1,364,018	1,332,183	31,835
Public safety	2,860,244	2,860,244	2,829,980	30,264
Streets and public works	603,395	663,885	630,131	33,754
Parks and recreation	673,254	687,854	613,326	74,528
Cemetery	73,757	73,757	66,497	7,260
Garbage	520,986	562,986	562,627	359
Capital outlay	9,000	9,000	8,647	353
Total Expenditures	<u>6,036,856</u>	<u>6,221,744</u>	<u>6,043,391</u>	<u>178,353</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,996,590</u>	<u>1,179,033</u>	<u>1,340,872</u>	<u>161,839</u>
Other Financing Sources (Uses):				
Sale of capital assets	-	-	10,645	10,645
Transfers out	(2,040,500)	(1,210,393)	(1,197,319)	13,074
Total Other Financing Sources (Uses)	<u>(2,040,500)</u>	<u>(1,210,393)</u>	<u>(1,186,674)</u>	<u>23,719</u>
Net Change in Fund Balances	<u>\$ (43,910)</u>	<u>\$ (31,360)</u>	<u>154,198</u>	<u>\$ 185,558</u>
Fund Balances, Beginning			<u>1,126,082</u>	
Fund Balances, Ending			<u>\$ 1,280,280</u>	

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
June 30, 2013

	Business-type Activities - Enterprise Funds				Total
	Sewer	Pressurized Irrigation	Water	Nonmajor Storm Sewer	
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 741,659	\$ 57,382	\$ 1,003,483	\$ 108,728	\$ 1,911,252
Restricted cash and cash equivalents	792,236	6,696	-	20,217	819,149
Accounts receivable	54,475	11,552	59,019	9,591	134,637
Total Current Assets	1,588,370	75,630	1,062,502	138,536	2,865,038
Noncurrent Assets:					
Capital assets:					
Water shares	-	21,719,085	1,637,849	-	23,356,934
Land	26,540	277,450	107,132	123,333	534,455
Construction in process	-	-	-	275,000	275,000
Buildings	-	663,667	493,622	-	1,157,289
Infrastructure	8,920,565	13,600,601	7,805,420	2,602,713	32,929,299
Machinery and equipment	184,643	147,928	1,398,013	316,168	2,046,752
Less accumulated depreciation	(3,100,595)	(4,353,791)	(3,832,911)	(914,163)	(12,201,460)
Total Noncurrent Assets	6,031,153	32,054,940	7,609,125	2,403,051	48,098,269
Total Assets	\$ 7,619,523	\$ 32,130,570	\$ 8,671,627	\$ 2,541,587	\$ 50,963,307
Liabilities:					
Current Liabilities:					
Accounts payable	\$ 113,778	\$ 34,936	\$ 41,849	\$ 1,885	\$ 192,448
Accrued liabilities	2,380	1,453	1,944	2,480	8,257
Accrued interest payable	-	53,138	-	-	53,138
Compensated absences	12,174	7,191	8,915	6,953	35,233
Notes payable	-	58,487	-	-	58,487
Bonds payable - current	-	305,000	-	-	305,000
Total Current Liabilities	128,332	460,205	52,708	11,318	652,563
Noncurrent Liabilities:					
Compensated absences	23,688	12,691	17,242	11,497	65,118
Notes Payable	-	1,860,278	-	-	1,860,278
Bonds payable	-	2,929,897	-	-	2,929,897
Total Noncurrent Liabilities	23,688	4,802,866	17,242	11,497	4,855,293
Total Liabilities	152,020	5,263,071	69,950	22,815	5,507,856
Net Position:					
Invested in capital assets, net of related debt	6,031,153	26,901,278	7,609,125	2,403,051	42,944,607
Restricted for impact fees					
Impact fees	792,236	-	-	-	792,236
Debt service	-	6,696	-	-	6,696
American Fork Canyon Debris Basin	-	-	-	20,217	20,217
Unrestricted	644,114	(40,475)	992,552	95,504	1,691,695
Total Net Position	7,467,503	26,867,499	8,601,677	2,518,772	45,455,451
Total Liabilities and Net Position	\$ 7,619,523	\$ 32,130,570	\$ 8,671,627	\$ 2,541,587	\$ 50,963,307

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION – PROPRIETARY FUNDS
For The Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds				Total
	Sewer	Pressurized Irrigation	Water	Nonmajor Storm Sewer	
Operating Revenues:					
Charges for services	\$ 1,507,019	\$ 1,237,757	\$ 723,642	\$ 414,718	\$ 3,883,136
Connection fees	4,692	-	147,245	-	151,937
Miscellaneous	-	-	5,550	-	5,550
Total Operating Revenues	<u>1,511,711</u>	<u>1,237,757</u>	<u>876,437</u>	<u>414,718</u>	<u>4,040,623</u>
Operating Expenses:					
Salaries and benefits	184,092	107,173	130,568	175,240	597,073
Operations	1,151,930	735,181	471,307	104,747	2,463,165
Depreciation	318,704	393,805	303,764	120,060	1,136,333
Total Operating Expenses	<u>1,654,726</u>	<u>1,236,159</u>	<u>905,639</u>	<u>400,047</u>	<u>4,196,571</u>
Operating Income (Loss)	<u>(143,015)</u>	<u>1,598</u>	<u>(29,202)</u>	<u>14,671</u>	<u>(155,948)</u>
Nonoperating Revenues (Expenses):					
Impact fees	259,448	51,776	-	-	311,224
Accrued interest - reversed	-	148,426	-	-	148,426
Interest income	7,845	1,371	5,004	1,543	15,763
Interest expense	-	(212,283)	-	-	(212,283)
Total Nonoperating Revenues (Expenses)	<u>267,293</u>	<u>(10,710)</u>	<u>5,004</u>	<u>1,543</u>	<u>263,130</u>
Income (Loss)	<u>124,278</u>	<u>(9,112)</u>	<u>(24,198)</u>	<u>16,214</u>	<u>107,182</u>
Transfers in	-	125,000	-	-	125,000
Transfers out	<u>(125,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125,000)</u>
Changes in Net Assets	<u>(722)</u>	<u>115,888</u>	<u>(24,198)</u>	<u>16,214</u>	<u>107,182</u>
Net Position, Beginning	7,468,225	26,831,630	8,625,875	2,502,558	45,428,288
Adjustment related to implementation of new accounting standards (see Note 14)	<u>-</u>	<u>(80,019)</u>	<u>-</u>	<u>-</u>	<u>(80,019)</u>
Net Position, Ending	<u>\$ 7,467,503</u>	<u>\$ 26,867,499</u>	<u>\$ 8,601,677</u>	<u>\$ 2,518,772</u>	<u>\$ 45,455,451</u>

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For The Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds				
	Sewer	Pressurized Irrigation	Water	Nonmajor Storm Sewer	Total
Cash Flows From Operating Activities:					
Cash received from customers	\$ 1,466,299	\$ 1,240,838	\$ 871,237	\$ 415,870	\$ 3,994,244
Cash received from other entities	-	-	5,550	-	5,550
Cash payments to suppliers for goods and services	(1,077,136)	(731,588)	(449,869)	(104,447)	(2,363,040)
Cash payments to employees and professional contractors for services	(181,083)	(105,192)	(130,854)	(173,530)	(590,659)
Net cash provided (used) by operating activities	208,080	404,058	296,064	137,893	1,046,095
Cash Flows From Non-Capital Financing Activities:					
Transfers from other funds		125,000			125,000
Transfers to other funds	(125,000)				(125,000)
Net cash provided (used) by non-capital financing activities	(125,000)	125,000	-	-	-
Cash Flows From Capital and Related Financing Activities:					
Principal payments on bonds	-	(423,390)	-	-	(423,390)
Interest and fees paid on bonds and notes payable	-	(191,572)	-	-	(191,572)
Principal payments on notes payable	-	(51,401)	-	-	(51,401)
Receipt of impact fees	259,448	51,776	-	-	311,224
Purchase of capital assets	-	(16,949)	-	(275,000)	(291,949)
Net cash provided (used) by capital and related financing activities	259,448	(631,536)	-	(275,000)	(647,088)
Cash Flows From Investing Activities:					
Interest on investments	7,845	1,371	5,004	1,543	15,763
Net cash provided (used) by investing activities	7,845	1,371	5,004	1,543	15,763
Net Increase (Decrease) In Cash	350,373	(101,107)	301,068	(135,564)	414,770
Cash At Beginning Of Year	1,183,522	165,185	702,415	264,509	2,315,631
Cash At End Of Year	\$ 1,533,895	\$ 64,078	\$ 1,003,483	\$ 128,945	\$ 2,730,401
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (143,015)	\$ 1,598	\$ (29,202)	\$ 14,671	\$ (155,948)
Adjustments to reconcile operating income (loss) to net cash from (used) by operating activities:					
Depreciation	318,704	393,805	303,764	120,060	1,136,333
(Increase) decrease in assets:					
Accounts receivable	(45,412)	3,081	350	1,152	(40,829)
Increase (decrease) in liabilities:					
Accounts payable	74,794	3,593	21,438	300	100,125
Accrued liabilities	(216)	37	(113)	353	61
Compensated absences	3,225	1,944	(173)	1,357	6,353
Net cash provided (used) by operating activities	\$ 208,080	\$ 404,058	\$ 296,064	\$ 137,893	\$ 1,046,095
Noncash investing, capital, and financing activities:					
Contributions of capital assets	-	-	-	-	-
Addition of capital assets due to notes payable	-	-	-	-	-

The notes to the financial statements are an integral part of this statement.

HIGHLAND CITY, UTAH NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Highland City, Utah (the City) was incorporated in 1977 and operates under a council-city manager form of government. The governing body consists of five elected council members and a mayor. The heads of the various departments, formed to provide various services, are under the direct supervision of the City Manager. The City provides the following services: general administrative services, public safety, highway and public works, parks and recreations, cemetery, garbage, and utilities (sewer, pressurized irrigation, storm sewer, and culinary water).

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the City is discussed below.

(A) The Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB pronouncement. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency and accountability. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations.

The Highland City Open Space Special Service District (the District) was established to provide recreation services, including the operation and maintenance of parks, open space and trails within certain areas of the City. The District is governed by a board of trustees composed of the City Mayor and members of the City Council. Although it is legally separate entity from the City, the District is reported as if it were part of the primary government because of the City's ability to impose its will upon the operation of the District. The District is included in these financial statements as the Open Space Trust Fund. Separate financial statements are not issued for the District.

The City is not a component unit of any other entity. The City's basic financial statements include all City operations.

(B) Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general administrative services, public safety, highway and public works, parks and recreations, cemetery, and garbage are classified as governmental activities. The City's sewer, pressurized irrigation, storm sewer, and water services are classified as business-type activities.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) Government-Wide and Fund Financial Statements (Continued)

The government-wide financial statements (i.e., the *Statement of Net Position* and the *Statement of Activities*) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those which are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they become available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (within sixty days) to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, licenses, interest and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) Government-Wide and Fund Financial Statements (Continued)

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund. Principal sources of revenue are taxes, licenses and permits and intergovernmental revenues. Primary expenses are for general government, public safety, streets and public works, parks and recreation, cemetery and garbage.

The *Debt Service Fund* accounts for the expenditures required for the City's debt service.

The *Capital Projects Roads Fund* accounts for the construction and improvement of roads within the City.

The *Capital Projects Building Fund* accounts for the construction and improvement of buildings owned by the City.

The *Capital Projects Parks Fund* accounts for the construction and improvement of parks owned by the City.

The City reports the following major proprietary funds:

The *Sewer Fund* accounts for the activities of the City's sewer treatment operations.

The *Pressurized Irrigation Fund* accounts for the activities of the City's pressurized irrigation distribution system.

The *Water Fund* accounts for the activities of the City's water, treatment and distribution.

Activities of these three funds include administration, operations and maintenance of the sewer, pressurized irrigation, and water systems, and billing and collection. The funds also account for the accumulation of resources for, and the payment of, long-term debt principal and interest for all enterprise fund debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure the integrity of the funds.

The effect of interfund activity has generally been eliminated from the government-wide financial statements in accordance with GAAP.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers of the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Budgetary Data

Annual budgets are prepared and adopted, in accordance with State law, by the City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in several different funds, including the General Fund, Special Revenue Fund, Capital Project Funds, Debt Service Fund, and Enterprise Funds. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years.

Utah State law prohibits the appropriation of unreserved General Fund balance until it exceeds 5% of the General Fund revenues. Until the unreserved fund balance is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When an unreserved fund balance is greater than 25% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance, in which case a public hearing must be held. The City Administrator has the authority to transfer budget appropriations within and between any divisions of any budgetary fund. The City Council has the authority to transfer budget appropriations between individual budgetary funds by resolution.

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source.

(D) Tax Revenues

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget must be done before August 17. All property taxes levied by the City are assessed and collected by Utah County. Taxes are levied as of January 1 and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. Tax liens are placed on a property on January 1 following the due date of unpaid taxes. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

Sales taxes and telephone franchise taxes are collected by the Utah State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by natural gas, electric utilities, and cable television companies and remitted to the City periodically.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) Cash, Cash Equivalents and Investments

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts.

Investments consist of accounts at the Utah Public Treasurer’s Investment Trust (the State Treasurer’s Pool). Investments of the City are stated at cost, which approximates fair value.

(F) Restricted Assets

Assets whose use is restricted for construction, debt service or by other agreement are segregated on the government-wide and proprietary fund financial statements. When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

(G) Capital Assets

Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items) are, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The government reports infrastructure assets on a network or subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

(G) Capital Assets (continued)

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives as follows:

Assets	Years
Buildings and structures	20 to 50
Improvements and infrastructure	10 to 50
Machinery, equipment and vehicles	5 to 15

(H) Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans).

Receivables at June 30, 2013, consisted of property tax, franchise tax, sales tax, grants and utility customer accounts (billings for user charged services). Taxes and grants are deemed collectible in full. Utility charges have an allowance of \$21,000.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Long-Term Obligations

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(J) Compensated Absences

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a monthly basis. Proprietary funds expense all accrued vacation amounts when incurred. Governmental funds report an expenditure as the vacation is paid. Employees may accumulate unlimited vacation. An employee who is separated from employment may be compensated for all accrued vacation. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate up to 65 days of sick leave. Employees will not be paid for any accumulated sick leave at separation from employment.

(K) Deferred Outflows/Inflows of Resources

Beginning with 2013, the District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These Statements provide financial reporting guidance to standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. They also establish accounting standards and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of these new Statements resulted in a restatement of the District's government-wide financial statement of net position beginning balance and an adjustment to the Pressurized Irrigation fund's net position (see Note 13).

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has no items that qualify for reporting in this category.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unearned property tax revenue, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. These amounts account for property taxes levied on January 1, 2013 for the 2013-2014 fiscal year.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(L) Equity Classification

Equity is classified in the government-wide financial statements as net assets and is displayed in three components:

- (1) *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) *Restricted net position* – consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- (3) *Unrestricted net position* – All other net assets that do not meet the definition of “restricted” or “Net investment in capital assets”.

In accordance with GASBS No. 54, the City classifies fund balances in the governmental funds as follows: Nonspendable, Restricted, Committed, Assigned or Unassigned.

- (1) *Nonspendable fund balance* classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- (2) *Restricted fund balance* classifications are reported as restricted if, (a) externally imposed by creditor, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- (3) *Committed fund balance* classification include those funds that can only be used for specific purposed pursuant to constraints imposed by formal action (Ordinances and Resolutions) of the City council, which is government’s highest level of decision making authority.
- (4) *Assigned fund balance* classification includes amounts that are constrained by the government’s intent to use the funds for specific purposes, but are neither restricted nor committed, as established by the Finance Director, City Council, or City Administrator. Also includes all remaining amounts that are reported in governmental funds, other than the general fund that are not classified as nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes. The assigned designation may be reversed by the Finance Director, City Council, or City Administrator.
- (5) *Unassigned fund balance* classification is the residual classification for the General Fund or funds with deficit fund balances. This classification represents fund balance that has not been assigned to other funds and that has not be restricted, committed, or assigned to specific purposes within the General Fund.

Proprietary Fund equity is classified the same as in the government-wide statements.

When committed, assigned, or unassigned resources are available for use, it is the City’s policy to use committed resources first, followed by assigned resources, and then unassigned resources as they are needed.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(M) Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost, which approximate fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" and "restricted cash and cash equivalents," which includes cash accounts that are separately held by several of the City's funds.

The City's deposit and investment policy is to follow the Utah Money Management Act; however, the City does not have a separate deposit and investment policy that addresses specific types of deposit and investment risks to which the City is exposed.

Components of cash and investments (including interest earning deposits) at June 30, 2013 are as follows:

	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Credit Rating (1)</u>	<u>Weighted Average Years to Maturity (2)</u>
Cash on deposit	\$ 412,082	\$ 59,495	N/A	N/A
Investment (3):				
Utah State Treasurer's Investment Pool	<u>4,301,365</u>	<u>4,279,873</u>	N/A	N/A
Total cash and cash equivalents	<u>\$ 4,713,447</u>	<u>\$ 4,339,368</u>		
Portfolio weighted average maturity				N/A

(1) Ratings are provided where applicable to indicate associated **Credit Risk**. N/A indicates not applicable.

(2) **Interest Rate Risk** is estimated using the weighted average days to maturity.

(3) All investments are considered cash equivalents on the financial statements.

The City's cash and cash equivalents and investments are exposed to certain risks as outlined below:

Custodial credit risk – deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2013, \$162,082 of the City's \$412,082 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS (Continued)

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risks of investments is to comply with the Utah Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poors; banker acceptance obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined by the Act.

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City manages its exposure by investing mainly in the Utah Public Treasurer's Investment Fund and by adhering to the Utah Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

The City invests in the Public Treasurer's Investment Fund (PTIF) which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available at the Utah State Treasurer's Office.

For the year ended June 30, 2013, the City had investments of \$4,279,873 with the PTIF. The fair value of these investments was \$4,301,365. The difference between the fair value and carrying value of the investment with the PTIF is deemed immaterial for allocation among the different funds, and therefore, the carrying value is deemed to be the fair value at June 30, 2013.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivables and Payables

The composition of “interfund balances” as of June 30, 2013 is as follows:

	Interfund Receivables	Interfund Payables
Governmental activities		
General Fund	\$ 624,322	\$ -
Capital Improvements - Roads	-	544,102
Capital Improvements - Buildings	-	80,220
	\$ 624,322	\$ 624,322

The due to/from other funds are the result of individual funds’ cash flow needs. These accounts at the fund financial statement level have been eliminated at the government-wide financial statement level (Statement of Net Position). Balances are not expected to be paid off within one year.

Interfund Transfers

The purpose of the transfers was to provide cash flows and pay operating expenses. The transfers among the funds for the year ended June 30, 2013 were as follows:

	In	Out
Governmental activities		
General Fund	\$ -	\$ 1,197,319
Highland Open Space	159,221	-
Debt service fund	973,000	-
Capital Improvements - Parks	-	383,000
Capital Improvements - Roads	448,098	-
	\$ 1,580,319	\$ 1,580,319
	In	Out
Business activities		
Sewer	\$ -	\$ 125,000
Presurized Irrigation	125,000	-
	\$ 125,000	\$ 125,000

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 RESTRICTED CASH AND CASH EQUIVALENTS

Certain cash and cash equivalents are restricted to use as follows as of June 30, 2013:

	<u>Amount</u>
Governmental activities	
Construction bonds	\$ 169,244
Park construction	<u>104,663</u>
Total governmental activities	<u>273,907</u>
Business-type activities	
Restricted for impact fees	792,236
Debt service	6,696
Construction of water basin	<u>20,217</u>
Total business-type activities	<u>819,149</u>
Total restricted cash and cash equivalents	<u><u>\$ 1,093,056</u></u>

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2013, is as follows:

	Balance June 30, 2012	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2013
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 39,607,624	\$ -	\$ -	\$ 39,607,624
Construction in progress	250,032	731,464	-	981,496
Total capital assets, not being depreciated	39,857,656	731,464	-	40,589,120
Capital assets, being depreciated:				
Buildings and structures	14,080,927	-	-	14,080,927
Improvements and infrastructure	67,895,235	-	-	67,895,235
Machinery, equipment and vehicles	1,946,968	28,740	(43,546)	1,932,162
Total capital assets, being depreciated	83,923,130	28,740	(43,546)	83,908,324
Less accumulated depreciation for:				
Buildings and structures	(1,763,089)	(354,568)	-	(2,117,657)
Improvements and infrastructure	(39,992,918)	(3,105,384)	-	(43,098,302)
Machinery, equipment and vehicles	(1,308,200)	(168,869)	39,108	(1,437,961)
Total accumulated depreciation	(43,064,207)	(3,628,821)	39,108	(46,653,920)
Total capital assets, net of accumulated depreciation	40,858,923	(3,600,081)	(4,438)	37,254,404
Governmental activities capital assets, net	\$ 80,716,579	\$ (2,868,617)	\$ (4,438)	\$ 77,843,524

Governmental activities depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 221,507
Public Safety	194,062
Streets and Public Works	2,805,954
Parks and recreation	361,790
Cemetery	45,508
Total depreciation expense - governmental activities	\$ 3,628,821

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 CAPITAL ASSETS (Continued)

The Business-type activities property, plant and equipment consist of the following at June 30, 2013:

	Balance June 30, 2012	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2013
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 534,455	\$ -	\$ -	\$ 534,455
Water Shares	23,339,985	291,949	-	23,631,934
Total capital assets, not being depreciated	23,874,440	291,949	-	24,166,389
Capital assets, being depreciated:				
Buildings and structures	1,157,289	-	-	1,157,289
Improvements and infrastructure	32,929,299	-	-	32,929,299
Machinery, equipment and vehicles	2,046,752	-	-	2,046,752
Total capital assets, being depreciated	36,133,340	-	-	36,133,340
Less accumulated depreciation for:				
Buildings and structures	(360,052)	(40,120)	-	(400,172)
Improvements and infrastructure	(9,793,334)	(972,588)	-	(10,765,922)
Machinery, equipment and vehicles	(911,741)	(123,625)	-	(1,035,366)
Total accumulated depreciation	(11,065,127)	(1,136,333)	-	(12,201,460)
Total capital assets, net of accumulated depreciation	25,068,213	(1,136,333)	-	23,931,880
Business-type activities capital assets, net	\$ 48,942,653	\$ (844,384)	\$ -	\$ 48,098,269

Business-type depreciation expense was charged to functions/programs as follows:

Business-type activities

Sewer	\$ 318,704
Pressurized Irrigation	393,805
Storm Drain	120,060
Water	303,764
Total depreciation expense - business-type activities	\$ 1,136,333

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 GRANTS

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the City's independent auditors and other governmental auditors. Any disallowed claims resulting from such an audit could become a liability of the General Fund or other applicable funds. Based on prior experience, the City administration believes such disallowance, if any, would be immaterial.

NOTE 7 DEVELOPER AND CUSTOMER DEPOSITS

Developer and customer deposits are principally deposits from customers that are held by the City for water connections or for construction, or other projects until such time for refund is warranted.

NOTE 8 UNEARNED PROPERTY TAXES

In conjunction with GASB pronouncement 33, "*Accounting and Financial Reporting for Nonexchange Transactions*" the City has accrued property tax receivable and unearned property tax revenue in the General Fund in the amount of \$1,576,870.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable at November 30. Since the property tax levied on October 1, 2013 was not expected to be received within 60 days after the year ended June 30, 2013, the City was required to record both receivable and unearned revenue of the estimated amount of the total property tax to be levied on October 1, 2013.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2013:

	<u>June 30,</u> <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30,</u> <u>2013</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Bonds payable					
Revenue bonds	\$ 11,315,000	\$ -	\$ (500,000)	\$ 10,815,000	\$ 525,000
Plus: unamortized premiums	102,945	-	(6,863)	96,082	-
Total bonds payable	<u>11,417,945</u>	<u>-</u>	<u>(506,863)</u>	<u>10,911,082</u>	<u>525,000</u>
Compensated absences	247,663	75,076	(67,823)	254,916	84,395
Governmental activities long-term liabilities	<u>11,665,608</u>	<u>75,076</u>	<u>(574,686)</u>	<u>11,165,998</u>	<u>609,395</u>
Business-type Activities:					
Bonds payable					
General obligation bonds	3,608,390	-	(423,390)	3,185,000	305,000
Plus: unamortized premiums	55,441	-	(5,544)	49,897	-
Total bonds payable	<u>3,663,831</u>	<u>-</u>	<u>(428,934)</u>	<u>3,234,897</u>	<u>305,000</u>
Notes payable	1,970,166	-	(51,401)	1,918,765	58,487
Compensated absences	93,998	45,543	(39,190)	100,351	35,233
Business-type activities long-term liabilities	<u>5,727,995</u>	<u>45,543</u>	<u>(519,525)</u>	<u>5,254,013</u>	<u>398,720</u>
	<u>\$ 17,393,603</u>	<u>\$ 120,619</u>	<u>\$ (1,094,211)</u>	<u>\$ 16,420,011</u>	<u>\$ 1,008,115</u>

Governmental Activities:

Revenue Bonds

Series 2006 Sales and Franchise Tax Revenue Bonds, original issue of \$6,000,000, principal due in annual installments beginning September 2007, interest at 4.00% to 4.35% due in semi-annual installments beginning March 2007, with the final payment due September 2026. The bonds were issued to finance the costs associated with construction of police and fire public safety buildings.

\$ 4,705,000

Series 2007 Sales and Franchise Tax Revenue Bonds, original issue of \$7,315,000, principal due in annual installments beginning September 2008, interest at 4.00% to 5.25% due in semi-annual installments beginning September 2007, with the final payment due September 2027. The bonds were issued to finance the costs associated with acquisition, construction and equipping park improvements and related improvements.

6,110,000

Total Tax Revenue Bonds - Governmental Activities

\$ 10,815,000

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 LONG-TERM DEBT (Continued)

Business-type Activities

General Obligation Bonds

Series 2009 General Obligation Refunding Bonds, original issue of \$4,310,000, principal payments due in annual installments beginning May 2010, interest at 2.75% to 4.125% due in semi-annual installments beginning November 2009 with the final payment due May 2022. The bonds were issued to refund the outstanding portion of the 1998 General Obligation Refunding Bonds.

\$ 3,185,000

Total General Obligation Bonds - Business-type Activities

\$ 3,185,000

Notes Payable

Note payable to the Provo River Users Association for the City's portion of costs relating to the Provo Reservoir Canal Enclosure Project. Original amount \$615,833, interest at 4.00%, approximately 22% of original principal is due in two equal installments in July 2010 and March 2011 along with accrued interest. Remaining principal and interest to be paid in annual installments beginning March 2012 with final payment due March 2035.

\$ 461,082

Assessment payable to the Highland Conservation District for the City's portion of costs relating to the Provo Reservoir Canal Enclosure Project. Original amount \$1,563,945, principal and interest at 2.65% due in installments beginning November 2010 with final installment due November 2035.

1,457,683

Total Notes Payable - Business-type Activities

\$ 1,918,765

All of the City's Sales Tax Revenue Bonds are payable solely by a pledge and assignment of their associated revenue sources. Total future sales tax of \$10,815,000 has been pledged through 2028. The current revenue recognized during the period for pledged Franchise and Sales Tax Revenue bonds was \$2,458,679 compared to principal and interest of \$971,404 paid during the year which equals a coverage ratio of 2.53.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 LONG-TERM DEBT (Continued)

The annual debt service requirements to maturity, including principal and interest for the long-term debt, as of June 30, 2013, are as follows:

<u>Year Ending June 30,</u>	Governmental Activities Franchise and Sales Tax Revenue Bonds	
	<u>Principal</u>	<u>Interest</u>
2014	525,000	448,954
2015	545,000	425,516
2016	570,000	401,091
2017	600,000	375,454
2018	625,000	347,742
2019-2023	3,555,000	1,315,774
2024-2028	4,395,000	483,974
	<u>\$ 10,815,000</u>	<u>\$ 3,798,505</u>

<u>Year Ending June 30,</u>	Business-type Activities General Obligation Bonds	
	<u>Principal</u>	<u>Interest</u>
2014	305,000	122,068
2015	315,000	112,538
2016	325,000	102,300
2017	340,000	90,112
2018	350,000	76,512
2019-2022	1,550,000	160,048
	<u>\$ 3,185,000</u>	<u>\$ 663,578</u>

NOTE 10 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. This insurance covers all of these risks except natural disasters.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 RETIREMENT PLANS

Plan Description

The City contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System, all of which are cost-sharing multiple-employer defined benefit pension plans. These plans are administered by the Utah Retirement Systems (the Systems). The Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated, 1953, as amended. The Utah State Retirement Office (the Office) Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (the Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

The City is legally obligated to contribute to the retirement systems as long as they have employees meeting membership requirements. All required contributions were paid within the applicable periods.

Funding Policy

The City is required to contribute a percentage of their annual covered salary. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49. The contribution rates were as follows:

	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employer Contribution Rate</u>
<u>July 2012 - June 2013</u>			
Contributory System:			
Local Governmental Division Tier 2	N/A	N/A	12.740%
Noncontributory System:			
Local Governmental Division Tier 1	N/A	N/A	16.040%

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 RETIREMENT PLANS

The City's actual contributions were as follows:

<u>System</u>	<u>Year Ended June 30,</u>	<u>Employee paid contributions</u>	<u>Employer paid for employee contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement contributions</u>
Contributory System:					
Local Governmental Division	2013	\$ -	\$ -	\$ 3,765	\$ 43,984
Noncontributory System:					
Local Governmental Division 1	2013	\$ -	\$ -	\$ 210,002	\$ 1,297,778
	2012	-	-	191,998	1,394,322
	2011	-	-	157,126	1,124,293
Defined Contribution System					
457 Plan	2013	\$ 41,602	\$ 225		
	2012	59,653	147,283		
	2011	56,869	125,533		
401(k) Plan	2013	\$ 23,636	\$ 182,055		
	2012	47,435	44,297		
	2011	39,521	41,195		
Roth IRA Plan	2013	\$ 2,058	\$ -		
	2012	1,966	-		
	2011	1,093	-		

NOTE 12 COMMITMENTS AND AGREEMENTS

The City has commitments to reimburse developers related to the Town Center project in the aggregate amount of \$810,467, which will be ultimately resolved after exaction fees are received in the Capital Projects Parks, Capital Projects Road, and Capital Projects Building funds.

As of June 30, 2013 the City had construction commitments outstanding of \$93,501 relating to the Beacon Hills Park and Detention Basin Project. Retainage held by the City for this project at June 30, 2013 was \$50,324.

HIGHLAND CITY, UTAH
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 RESTATEMENT AND ADJUSTMENT OF NET POSITION

As a result of implementing GASB Statement Nos. 63 and 65, bond issuance costs, which were previously deferred and amortized over time, are now required to be expensed in the period in which they were incurred. In the year of implementation, the City is required to remove the previously deferred amounts and restate the earliest Net Position presented. The effects of implementing these standards are shown in the comparative Changes in Net Position in the Management’s Discussion and Analysis (page 6) as taking effect in the year ended June 30, 2012. The adjustments related to these new standards in the Basic Financial Statements in the Statement of Activities (page 13), and the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds (page 20) in the Pressurized Irrigation Fund column are shown below for the year ended June 30, 2013:

<u>Statement of Activities (page 13)</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Originally presented: Net Position - Beginning	71,088,478	45,428,288
Removal of deferred bond issuance costs	<u>(224,475)</u>	<u>(80,019)</u>
Restated Net Position - Beginning	<u><u>70,864,003</u></u>	<u><u>45,348,269</u></u>

SUPPLEMENTAL INFORMATION

HIGHLAND CITY, UTAH
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	<u>Special Revenue</u>	<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Open Space Trust</u>	<u>Northwest Annexation</u>	<u>Capital Projects</u>	
Assets:				
Cash and cash equivalents	\$ 48,487	\$ 78,811	\$ 252,927	\$ 380,225
Receivables:				
Accounts	4,484	-	-	4,484
Total Assets	<u>\$ 52,971</u>	<u>\$ 78,811</u>	<u>\$ 252,927</u>	<u>\$ 384,709</u>
Liabilities:				
Accounts payable	\$ 35,546	\$ -	\$ -	\$ 35,546
Accrued liabilities	5,241	-	-	5,241
Total Liabilities	<u>40,787</u>	<u>-</u>	<u>-</u>	<u>40,787</u>
Fund Balances:				
Assigned	12,184	78,811	252,927	343,922
Total Fund Balances	<u>12,184</u>	<u>78,811</u>	<u>252,927</u>	<u>343,922</u>
Total Liabilities and Fund Balances	<u>\$ 52,971</u>	<u>\$ 78,811</u>	<u>\$ 252,927</u>	<u>\$ 384,709</u>

HIGHLAND CITY, UTAH
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
GOVERNMENTAL FUNDS – NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2013

	<u>Special Revenue</u>		<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Open Space Trust</u>	<u>Northwest Annexation</u>	<u>Capital Projects</u>		
Revenues:					
Charges for services	\$ 259,076	\$ -	\$ 77,755	\$ 336,831	
Impact fees	-	20,011	-	20,011	
Interest income	266	409	1,172	1,847	
Total Revenues	<u>259,342</u>	<u>20,420</u>	<u>78,927</u>	<u>358,689</u>	
Expenditures:					
Current:					
General government	378,113	-	-	378,113	
Capital outlay	20,093	-	-	20,093	
Total Expenditures	<u>398,206</u>	<u>-</u>	<u>-</u>	<u>398,206</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(138,864)</u>	<u>20,420</u>	<u>78,927</u>	<u>(39,517)</u>	
Other Financing Sources:					
Transfers in	159,221	-	-	159,221	
Total Other Financing Sources	<u>159,221</u>	<u>-</u>	<u>-</u>	<u>159,221</u>	
Net Change in Fund Balances	20,357	20,420	78,927	119,704	
Fund Balances, Beginning	<u>(8,173)</u>	<u>58,391</u>	<u>174,000</u>	<u>224,218</u>	
Fund Balances, Ending	<u>\$ 12,184</u>	<u>\$ 78,811</u>	<u>\$ 252,927</u>	<u>\$ 343,922</u>	

HIGHLAND CITY, UTAH
SUPPLEMENTARY REPORTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**HIGHLAND CITY, UTAH
SUPPLEMENTARY REPORTS
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Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Brent E. Christensen, CPA
Phyl R. Warnock, CPA

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and
Members of the City Council
Highland City Corporation
Highland, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Highland City Corporation, Utah (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keddington & Christensen, LLC

December 19, 2013



**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROLS OVER
COMPLIANCE IN ACCORDANCE WITH THE
STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE**

Honorable Mayor and
Members of City Council
Highland City Corporation
Highland, Utah

REPORT ON COMPLIANCE

We have audited Highland City Corporation's (the City) compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2013.

The general compliance requirements applicable to the City are identified as follows:

- Cash Management
- Budgetary Compliance
- Fund Balance
- Justice Courts
- Impact Fees
- Utah Retirement System
- Transfers from Utility Enterprise Funds
- Government Records Access Management Act
- Conflicts of Interest

The City received the following major State assistance program from the State of Utah:

- B&C Road Funds

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the City's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the City and its major programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, the City complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2013.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keddington & Christensen, LLC

December 19, 2013

MINUTES
HIGHLAND CITY COUNCIL MEETING

Tuesday, January 07, 2014

Highland City Council Chambers, 5400 West Civic Center Drive, Highland, Utah 84003

PRESENT: Mayor Mark Thompson, Conducting
Councilmember Brian Braithwaite
Councilmember Rod Mann (Electronically)
Councilmember Tim Irwin
Councilmember Dennis LeBaron
Councilmember Jessie Schoenfeld

STAFF PRESENT: Aaron Palmer, City Administrator
Matthew Shipp, Public Work Director/ City Engineer
JoD’Ann Bates, Executive Secretary/ Recorder
Nathan Crane, Community Development Director
Gary LeCheminant, Finance Director
Kasey Wright, City Attorney
Shannon Garlick, Secretary

WORK SESSION: 6:30 P.M.

The meeting was called to order by Mayor Mark Thompson as a work session at 6:31 p.m. He indicated Wendell Smith was here to introduce Dubli, a new marketing concept with financial benefits, to the Council.

PRESENTATION: Wendell Smith of Dubli – global, eCommerce portal

Tom Butler, resident of Highland, stated nonprofit organizations, like the City, always face the problem of not having enough funding. He explained the three traditional ways to gather funds are property taxes, costs and fees, and sales tax. He stated the problem in Highland is that most citizens do not want additional commercial or businesses open on Sundays which reduces sales tax revenue. He stated this impacts the infrastructure of the City. He explained the Dubli Partner Program helps nonprofit organizations earn those necessary funds.

Wendell Smith, representative of Dubli, stated they have been morphing into what is now a passive approach to funding for nonprofit organizations. He explained they are currently doing beta tests with the American Red Cross and American Cancer Society, along with smaller organizations as well. He mentioned the funding is done through saving people money. He

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1 explained Dubli is the world's largest online shopping mall and soon to be the world's largest
2 travel portal. He stated Dubli allows a community savings center with specific savings for the
3 community and a supporting commission structure for Highland City. He stated Dubli is a ten
4 year old publicly traded company that started out as a reverse auction company, but transitioned
5 their focus to online travel, shopping and entertainment. He stated Dubli has put together some
6 of the best people in the tech world and created a program that nonprofit organizations can use
7 for free. He stated Dubli is set up similarly to Costco and their focus is on cashback. He
8 explained Dubli works with the top online companies and receives the best deal on those sites,
9 but a member of Dubli would also get a percentage of cashback as well. He mentioned there are
10 coupons and special deals for members. He stated Dubli would remove their branding, and put
11 on Highland City's branding. He explained the residents would be saving money through
12 cashback, and the City would be making 30% on all the net revenue. He stated Dubli created a
13 toolbar that a user would download one time, and then each time they search in their internet
14 browser it automatically populates the stores associated with Dubli and they receive cashback on
15 all of those sites. He mentioned a free customer would receive approximately 7% cashback on
16 each site, and a VIP customer would receive approximately 14% cashback. He explained the
17 City would be receiving approximately 2-2.5% back for each purchase made. He stated a
18 member's cashback would be transferred to an eWallet once a month that can then be transferred
19 to a Dubli Mastercard, Paypal, or their bank account. He stated there is a free membership, where
20 a member would receive cashback, free cloud storage, and entertainment benefits; or a VIP
21 membership, which costs \$99 a year, but adds better cashback and 100 gigabytes of cloud
22 storage. He stated about 45% of Dubli's users have free memberships and are getting
23 approximately \$150 back a year. He stated 35% of the users have premium memberships and pay
24 \$4.95 a month, and 20% are VIP members who pay \$99 a year. He stated this saves members
25 money, while earning funds for the City.

26
27 Dennis LeBaron questioned if any other cities are participating in the Dubli Partner Program.

28
29 Wendell Smith stated Dubli just finished a program with Mountainland.org who is implementing
30 it with Orem and Provo Cities on the customer side. He stated the charity portion of the program
31 was put in place three months ago, so there are not yet any officially registered cities.

32
33 Tim Irwin questioned what the proper role of government is in a retail environment.

34
35 Tom Butler stated the proper role of government is to provide essential services at the least cost
36 to citizens. He explained if the City can find a program like this that can fund additional projects
37 without raising taxes and without a contract there should not be a problem. He stated they ran it
38 by Kasey Wright who stated he could not see any legal objections to the program because there
39 are no strings attached.

40
41 Tim Irwin stated partnering this program is getting involved with the private sector, which may
42 not be the role of government. He stated he is quite familiar with travel, and the margins seem

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1 too high. He explained he ran a large travel company and at the end of the day, they were lucky
2 to get 1-2%.

3
4 Wendell Smith explained it would be 30% of net revenue. He explained Priceline.com gets
5 approximately 45% for the hotel rooms they sell on their site, and because Dubli has such a large
6 customer base they get about 20% back.

7
8 Tim Irwin stated he understands having a large customer base gets better deals, but there is only
9 so much money. He explained Priceline.com offers rooms at a 50% rate, so after that, there is not
10 a lot to give back.

11
12 Wendell Smith stated it is a ten year company that is publicly traded, so the profit margins are
13 there or else the company would not be around. He explained Dubli is set up similar to Costco
14 where they benefit the customer as much as possible and operate on a 5-8% margin. He
15 mentioned the membership fees are where they make a lot of money.

16
17 Tim Irwin stated the problem with bringing down the margin so low, is that the quality begins to
18 go down as well. He stated customers are getting cashback; the City would be earning revenue as
19 well as the company. He questioned who else is getting a portion of the money. He also
20 questioned how the word would get out to the residents.

21
22 Wendell Smith explained the merchants love working with Dubli because they receive free
23 advertising and marketing in exchange for giving Dubli 10-15%. He stated the company gets a
24 piece; the customer gets the largest portion, and the organization that brings the data base gets
25 their portion as well. He explained there would be a simple banner on the website, and any
26 publications that go out would have a QR code and something stating what the program does. He
27 explained there would not be any extra marketing, but it would be done through soft marketing.

REGULAR CITY COUNCIL SESSION: 7:00 P.M.

28
29
30
31
32
33 **OTHERS:** Robert DeKorver, Michelle DeKorver, McKay Smith, Drew Homan, Connor
34 Sandstrom, Josh Monson, Justin Blomquist, Elijah Wilson, Ed Barfuss, Justin Ballamis, Jill
35 Ballamis, Laurie Adams, Kristen Chevrier, Dyanne Law, Rich Sudweeks, D. Warnock, Kyle
36 Smith, Jarom Smith, Cole Westcott, William Bentley, Bryee Owen, Dallen Vick.

37
38
39 The meeting was called to order by Mayor Mark Thompson as a regular session at 7:02 p.m.
40 The meeting agenda was posted on the *Utah State Public Meeting Website* at least 24 hours prior
41 to the meeting. The prayer was offered by Brian Braithwaite and those assembled were led in
42 the Pledge of Allegiance by Dennis LeBaron.

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1 **APPEARANCES:**
2

3 Heidi Cordner, resident of Highland, followed up with the Council on the handicapped parking
4 stalls at Freedom Elementary School. She stated she met with the school district and their
5 lawyers on December 20th and school stated they had no intent to enforce the parking. She
6 explained most of the handicapped parking is utilized by grandparents, so she requested the
7 school leave two parking stalls for “Student Use Only”, and the school refused. She suggested
8 having “City Parking by Permit Only” on the street, which would limit the parking to whomever
9 the City issues a permit.

10
11 **CITY COUNCIL / MAYOR ITEMS:**
12

13 Tim Irwin welcomed the new Councilmembers and Mayor. He explained he would like the
14 Council to set goals and priorities and have public input on the budget process through work
15 sessions. He stated at the recent election candidates made promises that cannot be fulfilled
16 without the assistance of the whole Council. He stated the Council needs to clarify what is
17 important and better communicate with their residents. He explained the Council needs to give
18 input on the City’s priorities so the Council Representatives can properly represent the citizens of
19 Highland on the various Boards. He stated it would also be important for the Council to review
20 the City finances on a monthly basis to see where the City is on the budget. He welcomed the
21 new Finance Director to the City.

22
23 Brian Braithwaite asked the Finance Director to introduce himself.

24
25 Gary LeCheminant, Finance Director, stated he is from California and he has approximately 25
26 years of financial experience. He stated he is here to provide financial analysis to assist the
27 Council in making educated decisions.

28
29 Brian Braithwaite stated the Open Space Agreement was supposed to move forward in
30 December and asked for an update. He questioned what is happening with the City owned homes
31 as well.

32
33 Nathan Crane stated the City just received a letter from the ombudsman and were scheduling an
34 Executive Session at the next meeting to discuss it. He stated the renters moved out of one of the
35 homes and it was listed, but there were no responses. He explained improvements are being done
36 to the home. He explained there were some flooring and plumbing issues that were fixed at the
37 other home and the renters will be moving out in the near future so other improvements may be
38 made. He stated the homes will be relisted as soon as the improvements are completed.

39
40 Brian Braithwaite questioned what the next step will be for the parking at Freedom Elementary.

41
42 Mayor Thompson stated he does not currently have an answer, but a resolution needs to be made
43 quickly so there is proper parking for students.

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1 **CONSENT:**

2
3 MOTION: Approval of Meeting Minutes for City Council Regular Session – December 3, 2013.

4
5 RESOLUTION: City Employee Appointments – Re-Appointment of the City Recorder and City
6 Treasurer.

7
8 MOTION: City Council Member Appointments – Appointments to the Lone Peak Public Safety
9 District.

10
11 MOTION: City Council Member Appointments – Re-Appointment to the Timpanogos Special
12 Service District.

13
14 **MOTION: Jessie Schoenfeld moved the City Council to approve the consent items on the**
15 **agenda.**

16
17 **Tim Irwin seconded the motion.**
18 **Unanimous vote, motion carried.**

19
20 **ACTION ITEMS:**

21
22 MOTION: Nomination and Selection of Mayor Pro-Temore – Vote of the City Council.

23
24 **MOTION: Tim Irwin nominated Brian Braithwaite for Mayor Pro-Temore.**

25
26 **Rod Mann seconded the nomination.**
27 **Unanimous vote, motion carried.**

28
29 MOTION: Reimbursement to Hadco Construction – Upsizing of a Pressurized Irrigation Water
30 Line to meet the Highland City Master Plan.

31
32 Matt Shipp stated Hadco Construction is building a subdivision for Perry Homes. He explained
33 the Master Plan calls for an upsizing from the required 8” pressurized irrigation line to a 16” line.
34 He stated Hadco installed the larger line and now need to be reimbursed. He explained the City
35 initially put in the 16” line so when there is future development in that area they won’t have tear
36 up the road and put in a larger line.

37
38 Mayor Thompson stated this bill reflects the difference in cost from the 8” line which was
39 required and the 16” line that the Highland City Master Plan calls for.

40
41 Tim Irwin questioned why the 16” was not originally required to be put in by Perry Homes. He
42 questioned if the money will be reimbursed by future developments.

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1 Matt Shipp replied the 8” pipe is what is needed for their development, but the 16” will be used
2 for future developments and will be paid for through impact fees as developers come in.

3
4 Brian Braithwaite explained if this was the only subdivision that needed the pipe it would only
5 need to be 8”. He stated the City paid for the larger pipe because they are planning on having
6 future subdivisions come in and will need to connect to the pressurized irrigation line. He stated
7 the City will need a larger line to support these future developments, so they are planning ahead.
8 He stated it would be helpful if the Council knew exactly where in the budget the money for the
9 reimbursement was coming from. He mentioned there was a lot of talk of during the election
10 about cash the City had, but a lot of it is specifically for areas like the roads or pressurized
11 irrigation. He stated it should be identified on future motions so the Council can see which
12 account the money is coming from and where it fits in the budget.

13
14 Aaron Palmer stated in the future they will make sure the account numbers are listed in the fiscal
15 impact area of the staff reports.

16
17 **MOTION: Brian Braithwaite moved the City Council to approve the reimbursement to**
18 **Hadco Construction Company for the upsizing of the pressurized irrigation water line to**
19 **meet the Highland City Master Plan size in the amount of \$38,134.**

20
21 **Jessie Schoenfeld seconded the motion.**

22 **Unanimous vote, motion carried.**

23
24 **MOTION: Approval of a Contract with Highland Town Plaza, LLC (WPI) – Purchase of 0.36**
25 **acres and a 0.178 acres easement.**

26
27 Nathan Crane stated the site is shown as mixed use/commercial on the General Plan updated in
28 2008. He stated in October of 2002 the Council approved two resolutions; one approved the
29 disposal of the property and declared a surplus. The other allocated future property and sales tax
30 revenue from this site and a larger site to the Culinary Water Fund. He stated in December of
31 that year the site plan for Meier’s Fine Foods was approved along with the master site plan. He
32 explained this is the site plan, including Meier’s Fine Foods, and there are plans for three
33 additional buildings. He mentioned one will be south of Wendy’s and approximately 3,600
34 square feet and the other two will be approximately 4,000 square feet retail pads. He explained
35 users for the pads have not yet been identified, but the site plan shows the general locations. He
36 mentioned they made sure there would be enough parking. He stated one of the big attractions to
37 this proposal is the ability to reduce the debt that is owed to WPI. He explained exaction fees are
38 when developers contributed and built infrastructure up front and an agreement is signed that
39 they will be reimbursed for those costs as development occurs. He stated currently the City owes
40 \$638,000 to WPI which will be paid for with exaction fees as property develops. He explained
41 the Town Plaza site and the property purchase will have exaction fees of \$216,000. He explained
42 that would lower what they owe to WPI to \$421,000, and if the purchase price of \$300,000 is
43 used, the debt is further reduced to \$121,000. He stated the estimated sales tax generation for the

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1 master site plan shows the City's portion at \$100,000 a year. He mentioned Meier's Fine Foods
2 represents approximately 50% of that estimate, and that Meier's expects a decrease of
3 approximately 20% of their overall sales if the project does not move forward.

4
5 Brian Braithwaite questioned if all three pads will have retail use.

6
7 Nathan Crane replied yes, they will, but these are just estimates. He stated one of the Council's
8 concerns at the last meeting was the cost for relocation. He explained based on the requirements
9 in the Development Code for landscaping and setbacks 20,000 square feet would be needed to
10 accommodate a 4,000 square foot building with two overhead doors, electricity, heat, and
11 utilities. He stated staff had three contractors give bids on the building which was on the high
12 end of \$80,000 and low end, without electricity and heat, about \$40,000. He stated the site work
13 would cost between \$3-4 per square foot, which would include bringing utilities from the road to
14 the site, landscaping, perimeter fencing, and a parking lot. He stated based on 20,000 square feet
15 the cost would be between \$60,000 -\$80,000.

16
17 Rod Mann questioned if the site preparation cost would depend on the selected location.

18
19 Nathan Crane stated yes; the cost would depend on the location and the design of the building.
20 He stated the estimated cost would be \$201,000 and the City can pay for the building with the
21 \$253,000 in existing exaction fees. He mentioned the estimated construction time would be 3-4
22 months, and staff believes a site could be selected and the building constructed within a year, if
23 not shorter. He stated staff contacted the State Division of Water Quality regarding the well head
24 protection plan. He stated the retention for the site was built with Meier's Fine Foods and no
25 additional well head protection improvements are needed. He stated according to the State, City
26 Engineer, and City Attorney the site meets all current regulations. He stated they are requesting
27 an easement for access to the site, and the City is requesting an easement that will allow access
28 to the well head, if needed. He explained the purchase price is \$300,000 and the City has a year
29 to move the equipment building. He stated there are provisions for well head protection, utility
30 locations, access to the well site, and site design. He explained staff identified five possible
31 locations for the future equipment building, four that were considered in November and an
32 additionally added site. He explained the pros and cons to each site are stated in previous
33 minutes. He stated there is the West Park Road site, which is next to Highland Glen Park. He
34 mentioned it is 35,000 square feet. He stated there is a site above Pheasant Hollow, which is the
35 area known as the "bone yard". He mentioned the property is approximately 30,000 square feet.
36 He stated there is the Mitchell Hollow site, which is 46,560 square feet including the site for the
37 well. He stated the next site is the Old City Hall site, which is approximately 34,000 square feet.
38 He explained the other site that was not discussed in November; staff calls the Victor Property,
39 which is a gravel pit by the Spruces Subdivision approximately 4.6 acres. He explained the site
40 benefits are the close proximity to the existing public works building, the surrounding land use of
41 a gravel pit which means low impact to existing owners, access to Timpanogos Highway, it
42 could support the planned future recharge pond and park in the area, and could accommodate the
43 expansion of the public works facility in the future, if and when needed.

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1 Dan Schmidt, proposed buyer and Representative of WPI, stated in 2003 the City entered into a
2 City Development Agreement with WPI's partnership to develop the Town Center. He explained
3 they spent a million dollars putting in the Town Center Boulevard North road ten years ago and
4 there is no interest incurring. He stated the difficulty with the agreement is the benefit of the
5 exaction fee is not outlined so potential property buyers are intimidated by the added fee. He
6 mentioned the property is approximately \$6 a square foot with an additional \$2.50 per square
7 foot exaction fee. He explained the document is valid and standing, but the City has not
8 continued to pursue the \$2.50 exaction fee. He stated WPI works with the City and tries to be
9 very flexible. He stated when Meier's Fine Foods came to WPI and discussed their interest in the
10 area; WPI immediately approached the City in terms of this additional piece of land. He stated
11 this property purchase has been an ongoing discussion with the City for at least eighteen months.
12 He explained the Meier's Fine Foods site plan and construction documents all contemplate the
13 additional land purchase, along with the infrastructure and improvements that were in place. He
14 stated there is only so much tax base the City can generate in commercial corridors, but an
15 equipment building can be relocated in a number of areas. He explained Meier's Fine Foods is
16 concerned regarding the potential inability to move forward, because they do not want to be an
17 isolated stand-alone store. He explained Meier's planned on the success of his business by
18 having adjacent development.

19
20 Mayor Thompson stated there has been a couple of statements made that everything is in
21 compliance, but Zone 2 does not allow direct entry into the Type 5 Injection Well where the
22 sump is on the property. He explained the sump should not allow direct entry, and there is an
23 open grate on it which would allow direct entry.

24
25 Dan Schmidt stated the engineers have made the Class 5 Injection application to the State, and
26 have not received any knowledge that there was any problem with the application, which would
27 be made after the improvements were in place. He stated he cannot specifically answer that
28 because their engineer is not present, but the plans were reviewed by City staff, and all care was
29 taken to comply with Highland's Ordinances.

30
31 Mayor Thompson questioned if the parking lot needs the open grate to function or if it should all
32 be running through the collection box.

33
34 Dan Schmidt stated the construction as is was what was required. He stated a lot of the
35 improvements in place that needed to be connected have very slight grades and that the site was
36 relatively flat upon original construction.

37
38 Jessie Schoenfeld questioned if all of this was taken care of before Meier's Fine Foods went in
39 and is already in effect. She stated selling the property would not change the compliance.

40
41 Matt Shipp replied the way staff reads and understands the Ordinance and the State rules
42 regarding this, staff believes they are currently in compliance. He stated the sump that is installed
43 is for the entire parking lot.

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1 Mayor Thompson questioned if it does not have to run through the collection box and
2 pretreatment. He explained the sump currently has a grated cover, so it could directly take water
3 into the injection.

4
5 Matt Shipp stated it is currently running into a collection box and then through a snout over into
6 the sump. He stated he will have to look into the issue. He stated he did not realize there was a
7 grated cover, but it should probably be covered.

8
9 Kasey Wright stated under the terms of the contract, they are bound to comply with whatever
10 rules and Ordinances are in place. He stated if they are not in compliance to move forward with
11 their development, they will be required to become compliant in order to continue to move
12 forward with the development of the property.

13
14 Brian Braithwaite stated the City Council reduced the required exaction fee because they wanted
15 to encourage people to consider building commercial in Highland. He explained there was the
16 belief that traffic would be driven into the middle of the town, but traffic goes on the main roads.

17
18 Dan Schmidt stated they are cooperatively working with the City without making changes to the
19 Development Agreement to lower the fee and come to a resolution on the agreement. He stated
20 all of the costs need to be covered, but there were less landowners owning the core part of the
21 Town Center than was originally anticipated, because of the exaction fee.

22
23 Nathan Crane stated he believes without lowering the fee Arctic Circle and Meier's Fine Foods
24 would not be in Highland today.

25
26 Tim Irwin stated WPI made a million dollar investment in the road, and questioned what the
27 City's total obligation is to WPI. He questioned if it is the \$600,000 figure.

28
29 Dan Schmidt stated Nathan Crane rounded it to \$638,000.

30
31 Tim Irwin clarified the agreement is that number, even with the reduction in the exaction fee. He
32 stated he would like to follow through with the development. He stated it is the Council's fault
33 that a replacement building was not built to move the equipment. He explained he does not want
34 to put the City in a position where they sell the property and still do not have a place to put the
35 equipment. He stated he would rather the City first build a new building, but with the expectation
36 that the City is planning on selling the property for development. He stated he would like the
37 Council to select a site and a contractor, begin construction, and then move forward with the sale
38 of the property. He questioned what the process is once the Council selects a site.

39
40 Nathan Crane stated once a site has been selected, they will get a design and approve costs; then
41 go through the Planning Commission with a public hearing and City Council.

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1 Dan Schmidt stated they worked with staff to anticipate the time line and that is how they
2 decided on a year. He asked to approve the contract as is, but with the stipulation that it is to be
3 sold at the completion of the new equipment building. He stated they were hoping to begin
4 marketing the property.

5
6 Tim Irwin expressed his concern that things always take longer than expected. He explained the
7 Council is trying to be more business-friendly. He stated the Council needs to select a site and
8 begin the process, and then he is okay with putting together a contract.

9
10 Dan Schmidt questioned if it would be okay to approve the contract with the contingency that the
11 property would not be ultimately sold until a new building is complete. He stated it needs to have
12 a sunset, so it could have a sunset of two years.

13
14 Kasey Wright stated it is a legal, but it just becomes a policy decision between the Council and
15 WPI.

16
17 Jessie Schoenfeld stated all the Council needs to do is select a site and there have already been
18 bids made. She stated she does not understand why the process cannot be completed in a year.
19 She stated the Council never can answer all the questions, so sometimes it is best to just move
20 forward with determination.

21
22 Tim Irwin replied he agrees it could be done in a year, but the Council talked about it a year ago
23 and it still has not been completed. He stated he would prefer not to be in a time crunch.

24
25 Nathan Crane stated the buyer needs a contractual agreement to be able to market the property,
26 and the City is a little uncomfortable with the time. He stated what is being proposed is a
27 compromise that meets both parties. He explained this gives the City time to relocate the
28 building and gives the buyer the ability to market the property.

29
30 Dennis LeBaron questioned what the maximum amount of time the City could have to relocate
31 the building.

32
33 Dan Schmidt stated it is a contractual agreement so the time frame is open, but they would prefer
34 to see it done as short as possible. He stated he believes a year is more than enough time. He
35 stated when agreements change or a time frame runs out, they can just renegotiate at that time,
36 but it allows everyone to proceed with their plans. He stated they could establish new time
37 frames if it is not completed in a year.

38
39 Brian Braithwaite stated he believes it is possible to get everything done in a year, but there
40 should be a time frame of two years to be safe. He explained they can always shoot to have to
41 done in a shorter amount of time, but two years is realistic.

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1 Nathan Crane stated there are things that can be run concurrently with what the City does and
2 WPI needs to shorten time.

3
4 Tim Irwin stated one pad is already ready, and questioned if they can market that pad for the
5 time being. He questioned if there are any interested tenants.

6
7 Dan Schmidt replied technically yes, but synergistically they would like to wait till there is an
8 insurance of contractual right, so both pads can work together. He stated the buildings are
9 anticipated to be approximately 4,000 square feet which may accommodate three tenants. He
10 explained it is not a large building, so they would like to have the synergy of both buildings. He
11 stated they have had discussions, but have not actively begun marketing.

12
13 Brian Braithwaite stated if they knew the other pad was contractually obligated for purchase,
14 they could begin marketing the first pad and have construction begin before the two years. He
15 explained they wouldn't necessarily need to wait for the second building. He explained the cost
16 would go up if they did not meet the approved deadline of one year and therefore need to
17 renegotiate the contract.

18
19 Mayor Thompson stated in 1995 Highland and Alpine created a new Fire Safety District, and
20 bought equipment but did not have a place to put it. He stated the City rented the building on
21 5600 West and 10535 North to keep the fire equipment there, and they had a Genset generator
22 coming and nowhere to put it. He explained they built a second building and it took seven years
23 before they moved on from that rental. He explained history shows that this does not happen
24 very quickly, because there are always unhappy residents that will go to serious ends to see it is
25 not built in their neighborhood. He stated he has always believed if the City has property around
26 a wellhead they should not give it up. He stated he would prefer to set the time to solve the issue
27 with the property, and then move forward with the current contract. He stated he in
28 uncomfortable with approving it tonight and then realizing they will not be able to have it
29 completed within the time frame.

30
31 Brian Braithwaite stated he did not approve the contract last time because these issues had not
32 been answered and a site had not been decided on. He explained he is not against the process or
33 the sale of the property, but believes the issues need to be resolved. He stated all of these
34 locations have some issues, so it may be possible that none sites will work and the City will need
35 to purchase property. He stated it becomes a matter of integrity.

36
37 Tim Irwin stated he agrees it is an issue of integrity. He stated if the Council had not approved
38 what they did; Meier's Fine Foods would not currently be there. He stated at the same time his
39 expectation was that there would be a place to put equipment the, so the Council needs to find
40 one as soon as possible.

41
42 Nathan Crane stated staff recommends the Victor Property, because of the existing use of the
43 land so there would be limited impact. He stated it is far away from residents, it is close to the

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1 Public Works Facility and could be used to expand the Public Works Facility or could also be
2 used to help maintain the planned recharge park.

3
4 Brian Braithwaite stated the cons for this property are it is used as a gravel pit which will
5 hopefully be developed into homes, along with all of the land behind it. He stated it would be at
6 the entrance of the future subdivision and it is not a nice building, so they would have to upgrade
7 it. He explained Staker Parson owns the land behind it so he believes this would be a great piece
8 of property to exchange with Staker Parson for another piece of land in the back that could be
9 used for a recharge or park. He stated the City needs to look at this as a Master Plan and sit down
10 with Staker Parson to decide how to utilize the land. He stated it is short sided to put a building
11 on this piece of property, when they could have the opportunity to develop the whole area which
12 would be a great asset to the City. He mentioned they may be able to trade these 4.6 acres to
13 Staker Parson for 8 acres back farther inside which could be used for the recharge, park, and this
14 building.

15
16 Dennis LeBaron questioned if the value of the property is also considered as part of the cost.

17
18 Nathan Crane replied no; what was presented is just the estimated total construction cost. He
19 stated the value of the property is not a lot because it is a gravel pit.

20
21 Mayor Thompson stated the City still owns an additional five acres to the North as well. He
22 stated the City sold them the gravel, not the property. He stated he agrees; the unknown use of
23 the parcel makes it an unattractive option to utilize as property for an equipment shed.

24
25 Brian Braithwaite stated if they have nine acres, they could speak with Staker Parson to plan the
26 area and decide how the land would be traded and divided so both sides would win. He stated the
27 City could put a shed on the property, and then in five years tear it down because the value of the
28 land and development makes it work moving the shed. He stated he would rather the City put the
29 money into something somewhere else if anywhere worthwhile can be found.

30
31 Dennis LeBaron questioned regarding placing a building on the current public works site.

32
33 Matt Shipp stated if a building is placed there, they would lose the needed access into the pump
34 house. He stated he does not view it as a feasible option.

35
36 Mayor Thompson stated the City would be putting a lot of time on the equipment because the
37 property is so out of the way. He stated there is more centrally located property that will have
38 serious objections, but would be closer to the service areas and parks.

39
40 Brian Braithwaite stated he is not in favor of the Victor Property because he believes it would
41 take time to come to a real solution with the owners of the land behind it. He stated he believes it
42 is in the City's best interest to think ahead and utilize the property for development. He stated if
43 there was a Master Plan for the property, it could be a good decision, but that would take a lot

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1 longer than the year time frame. He stated that property would be best utilized as a recharge
2 basin.

3
4 Dennis LeBaron questioned what the staff recommends for the second choice.

5
6 Nathan Crane stated in November, the staff originally selected the property by the old City Hall,
7 but because of Council input they decided to go with the Victor Property.

8
9 Jessie Schoenfeld stated a pro for the Old City Hall is how centrally located it is. She stated a con
10 is how close it is to neighbors.

11
12 Tim Irwin stated the close proximity to residents was his objection to the site.

13
14 Brian Braithwaite stated his concern with the site at Mitchell Hollow is it is designated as a
15 future tank site as the City grows out. He stated when the tank is needed the City would need to
16 get rid of the building. He stated he is leaning toward the land above Pheasant Hollow, because
17 although it is a long way to travel, once the Murdock Canal Connector Road comes in it won't be
18 as big of a problem. He stated it is nice because it is away from people and will be back behind
19 the development. He stated it is not centrally located, but it will have the least amount of
20 objection from residents. He stated the other concern from staff is the property is small. He asked
21 for some clarification on how big of a negative impact the size would have on the building.

22
23 Matt Shipp stated the main objection is the distance, but the land is also used for open burns. He
24 stated the County Trailhead for the Murdock Trail was just put in to the north, with the bathroom
25 and parking in that area. He stated the City receives a phone call about once a month from
26 residents upset about having the bathroom up in that location. He stated he does not believe there
27 will be no objection from residents regarding the building at that site. He stated the building
28 would be south of the bathrooms.

29
30 Jessie Schoenfeld stated the City does not know what the State will do with property to the east.
31 She stated they could decide to develop homes right there.

32
33 Brian Braithwaite stated they could, but there is no objection to the building there today. He
34 stated the State can do whatever they would like, but the City would already have the building
35 there first. He stated the objection at the Old City Hall is the homes have already been built there.

36
37 Rod Mann questioned if theft will be an issue because it is such an isolated location.

38
39 Matt Shipp stated yes, that would definitely be a concern. He stated the property would have to
40 be fenced off and secured.

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1 Brian Braithwaite stated he would prefer the site above Pheasant Hollow or the Old City Hall.
2 He stated he believes the negatives outweigh the positives in the other locations. He stated the
3 other option would be to go out and buy property.

4
5 Dennis LeBaron questioned if traffic would be a problem at the site above Pheasant Hollow.

6
7 Matt Shipp stated yes; pedestrian traffic could be a concern until it is fully developed. He stated
8 the building would fit on the property above Pheasant Hollow, but his concerns are pedestrian
9 and trail use. He stated getting in and out is a concern, because people may park wherever in the
10 parking lot. He mentioned they would have to drive through the parking lot to get onto the trail
11 road to get to the main road, so he has immediate concerns. He stated if the school develops the
12 property to the east, they could bypass the parking lot, but then they are relying on the school to
13 develop their property.

14
15 Nathan Crane stated if the Council views this as a temporary solution they could use the Victor
16 Property, and the costs would go down to \$50-60,000 because they wouldn't need to make site
17 improvements, just put up a shed. He stated they could do the same thing out on the property
18 above Pheasant Hollow.

19
20 Jessie Schoenfeld questioned what staff believes is the best opinion.

21
22 Nathan Crane stated based on the experiences he has had in Highland, he believes anything
23 internally will have issues. He stated if they are trying to satisfy the public than the best option
24 would be to squeeze something temporarily onto the Public Works site, across the street on the
25 parking lot for Viewpoint, or the Victor Property.

26
27 Matt Shipp stated the Victor Property would be the easiest to put something on, especially if it is
28 just temporarily, then they will easily be able to recoup their costs. He stated if in the future, they
29 want to develop the property they could work out a trade agreement with Westroc and push the
30 building towards the back. He stated he does not believe the public works building would work
31 because it is already overflowing. He stated in the summers there are up to 25 employees using
32 the parking lot and equipment. He stated it is extremely tight, and is almost unsafe. He stated the
33 property across to the west could possibly hold a facility, even temporarily, but they may have
34 push back from Viewpoint residents. He stated none of these locations are ideal. He stated his
35 biggest concern is storage capacity and a place for the employees to park. He stated the Victor
36 Property helps with those concerns. He stated the problem with the Victor Property is future
37 development.

38
39 Rod Mann clarified the current building has power and water. He questioned if the building is
40 temporary, does it still needs those utilities.

41
42 Matt Shipp stated he would prefer to have those utilities, so staff can use the building during the
43 winter. He stated the site at the Old City Hall is surrounded on three sides by residents. He also

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1 stated that it is the Community Center and the parking lot gets used, so they would once again
2 have the problem of driving through a parking lot.

3
4 Brian Braithwaite stated that the parking lot at the Community Center would be more utilized at
5 night, as opposed to the site above Pheasant Hollow which would be used more in the morning.

6
7 Tim Irwin stated the problem will be when the staff brings equipment back at the end of the day.
8 He stated there is already not enough parking at the Community Center, and this will only add to
9 the parking issue. He stated it is a nice Community Center and does not want that to become a
10 problem.

11
12 Dennis LeBaron questioned regarding having smaller sheds in the parks themselves with
13 equipment.

14
15 Matt Shipp stated they thought about putting sheds in the parks, for instance, the Beacon Hill
16 Park. He stated the difficulty with that is there is just the equipment for that particular park. He
17 mentioned they talked about having a smaller one placed in Mitchell Hollow Park. He stated
18 there have been discussions and it could be investigated further. He stated it is slated for a shed
19 in the Beacon Hill Park, but that is mainly for smaller equipment.

20
21 Jessie Schoenfeld questioned if having them in the parks would increase the risk of theft and
22 vandalism.

23
24 Matt Shipp stated the parks are surrounded by residents. He stated they would be smaller and
25 there would not be equipment outside so they can better secure the sheds. He stated they don't
26 have as big of a threat for theft and vandalism as the property above Pheasant Hollow.

27
28 Tim Irwin stated he is leaning toward the Victor Property as a temporary location, with the
29 ability to recoup the costs at a later time.

30
31 Brian Braithwaite questioned if the access road in Viewpoint belongs to the City.

32
33 Matt Shipp stated the City has use of the road, but it belongs to Westroc. He stated they need the
34 City as well, because their road passes through City property.

35
36 Mayor Thompson questioned regarding the Clay Property to the south of the Victor Property for
37 a temporary building.

38
39 Matt Shipp stated that is a great option, staff would just need to look at the site, engineer it, and
40 make sure it would be able to stabilize and hold the equipment. He stated they will look into it.

41
42 Jessie Schoenfeld stated she does not believe it should be temporary, because the City would be
43 spending the same amount of money anyway, so they might as well get as big of a bang for their

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1 buck. She stated they should consider it a permanent structure, unless Staker Parson comes and
2 asks to trade so they can develop the subdivision. She stated it does not need to be perfect, but it
3 could be set up a little better and have decent landscaping.

4
5 Nathan Crane stated if the property is temporary they don't put in as much landscaping and the
6 building is designed differently so the cost will fluctuate.

7
8 Mayor Thompson stated they need to decide if it will be a temporary or permanent structure. He
9 stated the current building was not built as a temporary structure. He stated no one will want a
10 half decent structure in their backyard and the Council needs to think about future residents and
11 not just the current ones.

12
13 **Mayor Thompson recessed the meeting at 9:13 p.m. The meeting reconvened at 9:29 p.m.**

14
15 Nathan Crane stated Aaron Palmer has had some preliminary conversations with Cedar Hills
16 regarding using temporary storage in their City.

17
18 Aaron Palmer stated Cedar Hills is looking at building a permanent storage for the golf course.
19 He stated he has been speaking with Dave Bunker, and they stated they could use some of that as
20 temporary storage, until Highland could build their own facility. He stated they are currently
21 working on designs for the building, so if it is completed and Highland still needs storage after
22 the one year time frame, they will allow Highland to use their building for temporary storage,
23 until the City has their own building.

24
25 Mayor Thompson took an unofficial vote on the Council and staff's preferred location at that
26 time. Staff and Council all voted for the Victor Property, besides Brian Braithwaite who
27 preferred the site above Pheasant Hollow.

28
29 Brian Braithwaite questioned regarding the land south of the Victor Property.

30
31 Matt Shipp stated the Victor Property would be his first choice, but if there were concerns with
32 the Victor Property, they could take a look at the Clay Property to the south and it may be a close
33 second.

34
35 Tim Irwin questioned why that site was not originally considered.

36
37 Matt Shipp stated there is 40,000 yards of clay sitting on the property. He stated the City may not
38 necessarily need to remove the clay, but they would have to have engineering done to make sure
39 it is stable enough to utilize. He stated if the structure will be temporary, it's one thing, but if it
40 will be permanent is a whole other ball game.

41
42 Brian Braithwaite questioned what will be surrounding the property in the future. He stated to the
43 west there is the Timpanogos Visitors Center, and questioned if they will ever want to own some

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1 of the property for parking. He suggested just building a permanent equipment storage building
2 on the Clay Property.

3
4 Matt Shipp stated the Timpanogos Visitors Center owns three parcels, so they have plenty of
5 land. He stated there are not any set uses for the land in the near future. He stated if the Council
6 would like to have a permanent structure on the property, staff will look into issue.

7
8 Mayor Thompson stated he does not believe the Council will come to a decision on a site at this
9 time, especially if they are going to look further into the Clay Property. He stated the Council
10 needs to decide if they want to postpone the agreement and get the property issues resolved or if
11 they will approve it tonight. He stated it will take at least a month to resolve some of the property
12 issues. He stated a hard date needs to be set so WPI knows when the agreement will be passed.

13
14 Tim Irwin stated he is willing to give the staff a month to come back with a site recommendation
15 and for a contract that includes a contingency on the building.

16
17 Nathan Crane questioned if the Council is willing to do a contingency in a month, why not do it
18 now. He questioned regarding the buyer's proposal to have the contingency placed in the
19 contract.

20
21 Tim Irwin stated the Council does not have a site currently selected. He stated he would like to
22 see the contract with the contingency come back to the Council.

23
24 **MOTION: Brian Braithwaite moved the City Council to continue the discussion and**
25 **directed the staff to look at the Victor Property and the Clay Property and come back in a**
26 **month with layout plans and building options for a permanent structure.**

27
28 **Tim Irwin seconded the motion.**

29
30 Nathan Crane stated it needs to be more specific. He stated if it a permanent structure, he needs
31 to know how much the Council would like to spend. He stated \$80,000 would get four walls, a
32 roof, two overhead doors, some insulation, and wiring for electrical.

33
34 Brian Braithwaite stated they would like water, power, a bathroom, and air conditioning. He
35 stated the City does not need all of it from the beginning. He stated it can be expanded in the
36 future.

37
38 Nathan Crane stated they are looking for a site design with building options which would take
39 over a month. He stated the City would need to hire someone to design the building. He stated he
40 would not spend the money on an Engineering Firm until a site has been identified. He stated he
41 can give the Council preliminary numbers, but they will not know for sure until it is engineered.

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1 Matt Shipp stated the process would take two to three months. He stated they would need to do a
2 geotechnical study if they would like a permanent structure.

3
4 Brian Braithwaite expressed his concern with spending temporary money if there is a site that
5 may be potentially better. He stated he believes the Clay Property would be a better option
6 because it does not have any planned future uses.

7
8 Dennis LeBaron suggested having staff look at two sites on opposite sides of the City. He stated
9 they could build a building half the size in the Beacon Hill Park and another building half the
10 size in the Mitchell Hollow Park.

11
12 Matt Shipp stated if that is the direction the Council would like to go, staff would definitely look
13 into it.

14
15 Rod Mann questioned what the advantage would be for having two buildings.

16
17 Dennis LeBaron stated if there are two different sites, there would be a shorter distance required
18 for travel.

19
20 Jessie Schoenfeld stated it would be a minimum of two to three months, so she suggested staff
21 look into the Clay Property, see if it is feasible, and if so bring it to the next Council meeting and
22 move forward with the engineering.

23
24 Matt Shipp stated location wise, the Clay Property is a good choice, but not geotechnical. He
25 stated if the Council would like a permanent structure he will not be able to bring something
26 back on the Clay Property at the next Council meeting.

27
28 Brian Braithwaite stated the Council does not know if it will be permanent structure until they
29 know the cost required to do so. He stated he would prefer to wait and see if the Clay Property
30 works out, because he believes it is a better site. He stated when staff comes back they can
31 evaluate the cost to put a permanent structure there as opposed to a temporary one or a temporary
32 one on the Victor Property. He stated Dan Schmidt suggested they could have a two year time
33 frame in the contract.

34
35 Dan Schmidt suggested having a year time frame with two six month options to extend.

36
37 Brian Braithwaite stated that would be two years.

38
39 Nathan Crane stated the contract has a year contingency, but the Council could approve the
40 contract with the stipulation that it may be modified to two years.

41
42 Tim Irwin stated he does not feel it is appropriate to write a contract at a Council meeting. He
43 stated he would rather staff bring the contract with the stipulation back to Council.

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1 **Brian Braithwaite withdrew his previous motion.**

2
3 **MOTION: Brian Braithwaite moved the City Council to direct City staff to conduct an**
4 **engineering study on the Clay Property and bring it back in no more than three months, as**
5 **well as bring back an agreement outlining a two year contract with Highland Town Plaza**
6 **(WPI) at the next Council meeting.**

7
8 **Tim Irwin seconded the motion.**

9 **Those voting Aye: Rod Mann, Jessie Schoenfeld, Tim Irwin, Dennis LeBaron, Brian**
10 **Braithwaite.**

11 **Unanimous vote, motion carried.**

12
13 Mayor Thompson stated it needs to be rodent proof or else all of the equipment will be chewed
14 up. He stated it needs to have some sort of foundation, because if there is not one, rodents will
15 get into the shed.

16
17 **COMMUNICATION ITEMS BY MAYOR, CITY COUNCIL & STAFF:**

18
19 There were no communication items at this time.

20
21 **ADJOURN TO A CLOSED EXECUTIVE SESSION**

22
23 **MOTION: Jessie Schoenfeld moved the City Council to adjourn to an Executive Session.**

24
25 **Brian Braithwaite seconded the motion.**

26 **Unanimous vote, motion carried.**

27
28
29 **ADJOURNMENT**

30
31 **MOTION: Jessie Schoenfeld moved to adjourn.**

32
33 **Tim Irwin seconded the motion.**

34 **Unanimous vote (Rod Mann did not vote due to electronic participation disconnected).**
35 **Motion carried.**

36
37
38 Meeting adjourned at 11:11 p.m.

39
40
41
42

JoD'Ann Bates, City Recorder

DRAFT

1 Date Approved: January 21, 2014

<p style="text-align: center;">HIGHLAND CITY CITY COUNCIL MEETING JANUARY 21, 2014</p>			
REQUEST:	MOTION: Approval of a local government agreement with Bowen Collins for the design of the parking lot and park north of Mitchell Hollow Park along 10400 North.		
APPLICANT:	Highland City Public Works		
FISCAL IMPACT:	None		
GENERAL PLAN DESIGNATION	CURRENT ZONE	ACREAGE	LOCATION
N/A	N/A	N/A	Citywide

BACKGROUND:

At the direction and approval of the former City Council and Mayor, staff was instructed to work with Mountainland Association of Governments and the State of Utah to transfer a Federal Aid Grant Fund from an undercrossing project on SR-92 to another project in the City that met the requirements of the Grant.

The staff recommended and the City Council approved to have the grant funds transferred to a project on the property north of Mitchell Hollow Park at the new road undercrossing. It was decided to transfer the grant to this location to build a parking area for Mitchell Hollow Park and a trailhead for the Murdock Trail.

Staff has worked with Utah County, Mountainland Association of Governments, State of Utah, and Provo River Water Users Association to secure the funds and property for the project. The property is still owned by the Federal Government but is under the control of Provo River Water Users Association and is slated to be transferred to Provo River Water Users at the property transfer of the entire Murdock Trail Project.

Provo River Water Users has signed an agreement to allow the City to move forward with the development of this property into a park and trailhead project.

The money for this project will come from a grant from the State of Utah. The funds were secured from a previous project that will not be happening until the future development of SR-92. That project will be built as part of the future SR-92 project.

There is no out of pocket money for the City to pay as it will all come from the approved grant.

RECOMMENDATION:

City Council approve the Local Government Contract for the design of the parking lot north of Mitchell Hollow Park and authorize the Mayor to sign the agreements.

ATTACHMENTS:

- Local Government Agreement

- Approved Federal Aid Agreement
- Arial Map Showing the previous undercrossing project
- Arial Map showing the location of the proposed project
- Preliminary rendition of the future parking lot area

LOCAL GOVERNMENT CONTRACT



STATE OF UTAH
LOCAL GOVERNMENT
ENGINEERING SERVICES
2013-2016 LG POOL (DIRECT SELECT)
UNIT PRICE

CONTRACT NO.
EFFECTIVE DATE
TRACKING NO.

Project No.: F-LC49(140)
PIN Description: Highland City; Mitchell Hollow Trailhead
FINET Prog No.: 5403115D
PIN No.: 11977
Work Discipline: Preconstruction Engineering

1. CONTRACTING PARTIES: This contract is between Highland City, referred to as LOCAL AUTHORITY and

Bowen Collins & Associates, Inc.
154 East 14000 South
Draper, UT 84020

Legal Status of Consultant: For Profit Corporation

Fed ID No.: 84-1406728

referred to as CONSULTANT, and approved by the Utah Department of Transportation, referred to as DEPARTMENT.

2. REASON FOR CONTRACT: The LOCAL AUTHORITY does not have sufficient qualified staff to complete the work required in the suggested time frame and the CONSULTANT is professionally qualified and willing to assist the LOCAL AUTHORITY with Preconstruction Engineering services as further described in Attachment C.

3. PROJECT/CONTRACT PERIOD: The project/contract will terminate May 9, 2014, unless otherwise extended or canceled in accordance with the terms and conditions of this contract.

4. CONTRACT COSTS: The CONSULTANT will be paid a maximum of \$37,392.46 for costs authorized by this Contract as further described in Attachment D.

5. ATTACHMENTS INCLUDED AS PART OF THIS CONTRACT:

- Attachment A - Certification of Consultant and Local Authority
Attachment B - Standard Terms and Conditions
Attachment C - Services Provided by the Consultant
Attachment D - Fees

The parties below hereto agree to abide by all the provisions of this contract. IN WITNESS WHEREOF, the parties sign and cause this contract to be executed.

CONSULTANT - Bowen Collins & Associates, Inc.

LOCAL AUTHORITY - Highland City

By: [Signature] Date: 1-2-14
Title: Provision

By: _____ Date _____
Title: _____

UTAH DEPARTMENT OF TRANSPORTATION

DEPARTMENT Comptroller's Office

By: [Signature] Date: 23 DEC 13
Title: Engineer for Preconstruction

By: _____ Date _____
Title: Contract Administrator

CERTIFICATION OF CONSULTANT

I hereby certify that I, Michael Collins, am a duly authorized representative of Bowen Collins & Associates, Inc. and that neither I nor the above CONSULTANT I hereby represent has:

- (a) employed or retained for commission, percentage, brokerage, contingent fee, or other consideration, any firm or person (other than a bona fide employee working solely for me or the above CONSULTANT) to solicit or secure this contract,
- (b) agreed, as an express or implied condition for obtaining this contract, to employ or retain the services of any firm or person in connection with carrying out the contract, or
- (c) paid, or agreed to pay to any firm, organization or person (other than a bona fide employee working solely for me or the above CONSULTANT) any fee, contribution, donation, or consideration of any kind for, or in connection with, procuring or carrying out the contract; except as hereby expressly stated (if any):

I acknowledge that this certificate is to be furnished to the Utah Department of Transportation and the Federal Highway Administration in connection with this contract involving participation of Federal-aid Highway Funds, and is subject to applicable State and Federal laws, both criminal and civil.

1-2-14 _____ Date
Michael Collins _____ CONSULTANT Signature/Title

CERTIFICATION OF LOCAL AUTHORITY

I hereby certify that I am the _____ of Highland City and that the above CONSULTANT or its representative has not been required, directly or indirectly as an express or implied condition in connection with obtaining or carrying out this contract, to:

- (a) employ or retain, or agree to employ or retain, any firm or person, or
- (b) pay, or agree to pay, to any firm, person, or organization, any fee, contribution, donation, or consideration of any kind; except as hereby expressly stated (if any):

I acknowledge that this certificate is subject to applicable State and Federal laws, both criminal and civil.

_____ Date _____ Highland City Signature

**LOCAL GOVERNMENT
ENGINEERING SERVICES CONTRACT
STANDARD TERMS AND CONDITIONS**

1. **AUTHORITY:** Provisions of this contract are pursuant to the authority set forth in Sections 27-12-21, 107 and 108; and 63-56 U.C.A. 1953, as amended, and the Utah State Procurement Regulations, which authorizes the LOCAL AUTHORITY and/or the DEPARTMENT to make purchases in accordance with said laws and regulations.
2. **CONTRACT JURISDICTION AND COMPLIANCE WITH LAWS:** The provisions of this contract shall be governed by the laws of the State of Utah. Also, the CONSULTANT and those engaged by the CONSULTANT shall comply with all Federal, State and local laws, regulations and other legally binding requirements that pertain to the services provided under this contract. Proof of the CONSULTANT'S compliance with licensing requirements shall be furnished to the LOCAL AUTHORITY and/or the DEPARTMENT upon request.
3. **RECORDS ADMINISTRATION:** The CONSULTANT shall maintain all books, papers, documents, accounting records and other evidence to support costs billed for under this contract. These records shall be retained by the CONSULTANT for a period of at least four (4) years after the contract terminates, or until all audits initiated within the four years have been completed, whichever is later. These records shall be made available at all reasonable times during the four year period for audit and inspection by the LOCAL AUTHORITY and/or the DEPARTMENT and other authorized State and Federal auditors. The CONSULTANT'S records supporting the cost proposal shall also be retained and made available for review by authorized Federal or State staff. Copies of requested records shall be furnished to the LOCAL AUTHORITY and/or the DEPARTMENT upon request.
4. **CONFLICT OF INTEREST:** The CONSULTANT certifies that none of its officers or employees are officers or employees of the State of Utah unless disclosure has been made in accordance with Section 67-16-8, U.C.A. 1953, as amended. The CONSULTANT certifies that no engineer, attorney, appraiser, inspector, surveyor or survey crew, or other person performing services for the CONSULTANT has, directly or indirectly, a financial or other personal interest, other than his employment or retention by the LOCAL AUTHORITY and/or the DEPARTMENT, in any contract or subcontract in connection with this project (Reference 23 CFR § 1.33). An example of this situation would be the CONSULTANT subcontracts with the Contractor to perform survey work while contracted by the LOCAL AUTHORITY and/or the DEPARTMENT to perform construction engineering management services for the same project.

The CONSULTANT further warrants that it has no financial or other interest in the outcome of the work performed under the contract. Examples of this situation would be a Consultant who owns land, options to buy land, or some business enterprise that would be financially enhanced or diminished by any project alternatives.
5. **EMPLOYMENT OF DEPARTMENT EMPLOYEES:** The CONSULTANT agrees not to engage in any way the services on this contract of any present or former Utah Department of Transportation employee who was involved as a decision maker in the selection or approval processes or who negotiated and/or approved billings or contract modification for this contract.
6. **CONSULTANT, AN INDEPENDENT CONTRACTOR:** The CONSULTANT shall be an independent contractor, and as such, shall have no authority, express or implied to bind the LOCAL AUTHORITY and/or the DEPARTMENT to any agreement, settlement, liability, or understanding whatsoever; and agrees not to perform any acts as agent for the LOCAL AUTHORITY, except as specifically authorized and set forth herein. Persons employed by the LOCAL AUTHORITY and acting under the direction of the LOCAL AUTHORITY shall not be deemed to be employees or agents of the CONSULTANT. Compensation provided to the CONSULTANT herein shall be the total compensation payable hereunder by the LOCAL AUTHORITY.
7. **INDEMNITY - LIABILITY:** The CONSULTANT shall hold harmless and indemnify the DEPARTMENT and the LOCAL AUTHORITY, their officers, agents and employees from and against any and all claims, suits and cost, including attorneys fees, for injury or damage of any kind to the extent arising out of the

negligent acts, wrongful acts, errors, or omissions of the CONSULTANT, or its subconsultants when acting within the scope of their subcontract, or their respective agents, employees or representatives.

The CONSULTANT is an independent contractor contracted with the LOCAL AUTHORITY and approved by the DEPARTMENT. Any periodic plan and specification review or construction inspection performed by the LOCAL AUTHORITY or DEPARTMENT arising out of the performance of the contract, does not relieve the CONSULTANT of its duty in the performance of the contract, or ensure compliance with customary standard of professional care.

8. **SEPARABILITY:** The declaration by any court, or other binding legal source, that any provision of this contract is illegal and void and shall not affect the legality and enforceability of any other provision of this contract, unless said provisions are mutually dependent.
9. **LIABILITY INSURANCE:** Services to be provided by the CONSULTANT under this contract are required to be covered by insurance. The CONSULTANT shall furnish the LOCAL AUTHORITY and the DEPARTMENT a Certificate of Insurance applying to this contract for each type of insurance required, to be approved by the DEPARTMENT and the LOCAL AUTHORITY, before the CONSULTANT begins work under this contract. The CONSULTANT'S insurer must be authorized to do business in Utah and must meet the specified A.M. Best rating or better at the time this contract is executed. The following insurance shall be maintained in force until all activities which are required by this contract or as changed by contract modification are completed and accepted by the LOCAL AUTHORITY and the DEPARTMENT:

- (a) General Liability and Automobile Liability insurance with a limit of not less than \$1,000,000 per occurrence and not less than \$2,000,000 aggregate and having an A.M. Best rating of A-class VIII or better. The limit if different for this contract will be as designated in Attachment C to this contract. If this coverage is written on a claims-made basis, the Certificate of Insurance shall so indicate.

The CONSULTANT represents that as long as commercially available the insurance shall remain in effect such that claims reported up to three (3) years beyond the date of substantial completion of this contract are covered.

- (b) Architect and/or Engineers Professional Liability (errors and omissions) insurance having an A.M. Best rating of A-class VIII or better, is required at the coverage amount of \$1,000,000 per claim and \$2,000,000 aggregate. If this coverage is written on a claims-made basis, the Certificate of Insurance shall so indicate. The CONSULTANT represents that as long as commercially available the insurance shall remain in effect such that claims reported up to three (3) years beyond the date of substantial completion of this contract are covered (on construction contracts or modifications for construction management the insurance, shall remain in effect for one (1) year after completion of the project).
- (c) Valuable Papers & Records Coverage and/or Electronic Data Processing (Data and Media) Coverage for the physical loss or destruction of the work product including drawings, plans, specifications and electronic data and media. Such insurance shall be of a sufficient limit to protect the CONSULTANT, its sub-consultants, the LOCAL AUTHORITY, and the DEPARTMENT from the loss of said information.
- (d) Aircraft Liability in the amount of \$1,000,000 per occurrence if aircraft are utilized in connection with this contract.
- (e) The CONSULTANT shall provide evidence that his employees and sub-consultant employees are covered by Workers Compensation. If they are covered by Workers Compensation Fund of Utah, then the A.M. Best rating is not required in this area.
- (f) The CONSULTANT shall require the insurance company that issues the Certificates of Insurance for the evidence of the required insurance coverage to endeavor to provide the DEPARTMENT and the LOCAL AUTHORITY with 30 days written notice in the event that coverage is canceled before the policy expiration date stated in the Certificate. The CONSULTANT further agrees to

provide the DEPARTMENT and the LOCAL AUTHORITY with 30 days written notice prior to making an alternation or material change to the required insurance coverage.

Policies referred to in 9(a) and 9(d) above are required to be endorsed naming the LOCAL AUTHORITY, UDOT, and the State of Utah as Additional Insureds and, on General Liability and Aircraft Liability, indicate they are primary and not contributing coverage. All required policies, endorsements, insurance companies issuing same, and self insured programs are subject to review and approval by the State of Utah, Risk Manager.

- 10. HEALTH INSURANCE:** The CONSULTANT agrees that if the CONSULTANT has an initial contract of 1.5 million dollars or more, or the contract and modifications are anticipated in good faith to exceed 1.5 million dollars, or the CONSULTANT has a subcontract at any tier that involves a sub-consultant that has an initial subcontract of \$750,000 or more, and/or the CONSULTANT has a subcontract at any tier that is anticipated in good faith to exceed \$750,000; hereby certifies the following.

The CONSULTANT and all applicable sub-consultants have and will maintain an offer of qualified health insurance coverage for their employees, as defined in UCA Section 34A-2-104 for the employees who live and/or work within the State of Utah, along with their dependents, during the duration of the contract. Employee, for purposes of these requirements, shall be no broader than the use of the term employee for purposes of State of Utah Workers' Compensation requirements.

The Executive Director or designee shall have the right to request a recertification by the CONSULTANT by submitting a written request to the CONSULTANT, and the CONSULTANT shall so comply with the written request within ten (10) working days of receipt of the written request; however, in no case may the CONSULTANT be required to demonstrate such compliance more than twice in any 12-month period. The CONSULTANT and all applicable sub-consultants will be subject to all applicable penalties. The CONSULTANT will provide these same requirements in all applicable subcontracts at every tier.

- 11. PROGRESS:** The CONSULTANT shall begin the work required by this contract within one week following official notification by the DEPARTMENT to proceed. The CONSULTANT shall prosecute the work diligently and to the satisfaction of the LOCAL AUTHORITY and the DEPARTMENT. If Federal Funds are used on this contract the work will be subject to periodic review by the Federal Highway Administration.

The CONSULTANT will prepare monthly progress reports following the format established by the LOCAL AUTHORITY and the DEPARTMENT in sufficient detail to document the progress of the work and support the monthly claim for payment. Payments will not be made without a supporting progress report. In addition, the CONSULTANT will update the DEPARTMENT'S "electronic Program Management" (ePM) system bi-weekly to reflect the status of the project.

Progress conferences will be held periodically. The CONSULTANT will prepare and present written information and studies to the LOCAL AUTHORITY and the DEPARTMENT so it may evaluate the features and progress of the work. Any one of the three parties may request a conference; to be held at the office of any, or at a place designated by the LOCAL AUTHORITY or the DEPARTMENT. The conferences shall also include inspection of the CONSULTANT'S services and work products when requested by the LOCAL AUTHORITY or the DEPARTMENT.

The CONSULTANT will be required to perform such additional work as may be necessary to correct errors caused by the CONSULTANT in the work required under the contract without undue delays and without additional cost to the LOCAL AUTHORITY and the DEPARTMENT.

At any time the CONSULTANT determines the contract work cannot be completed within the specified time or budget, the LOCAL AUTHORITY and the DEPARTMENT shall be immediately notified in writing. The LOCAL AUTHORITY and the DEPARTMENT may, at their sole discretion, extend the contract by written modification.

The LOCAL AUTHORITY or the DEPARTMENT may terminate this contract in accordance with termination provisions of this contract including failure of the CONSULTANT to make satisfactory progress of the contract work.

Should the LOCAL AUTHORITY or the DEPARTMENT desire to suspend the work, but not terminate the contract, this will be done by verbal notification followed by written confirmation from the LOCAL AUTHORITY or the DEPARTMENT. The work may be reinstated upon 30 days advance written notice from the LOCAL AUTHORITY or the DEPARTMENT.

Unless extended or terminated in writing, this contract will terminate on the expiration date, or at the end of the specified calendar days.

12. **REVIEW AND INSPECTION OF WORK:** It is expressly understood and agreed that authorized representatives of the LOCAL AUTHORITY, DEPARTMENT and, when Federal Funds are used, the Federal Highway Administration shall have the right to review and inspect the work in process, and the CONSULTANT'S facilities, at any time during normal business hours or by appointment.
13. **NON DISCRIMINATION PROVISIONS:** The CONSULTANT agrees to abide by the provisions of the Utah Anti-discrimination Act, Title 34 Chapter 35 U.C.A. 1953, as amended, and Title VI and Title VII of the Civil Rights Act of 1964 (42 USC 2000e), which prohibits discrimination against any employee or applicant for employment, or any applicant or recipient of services, on the basis of race, religion, color, or national origin; and further agrees to abide by Executive Order No. 11246 entitled "Equal Employment Opportunity," as amended by Executive order 11375 and as supplemented in Department of Labor Regulations (41CFR Part 60), which prohibits discrimination on the basis of age; and Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of handicap. The CONSULTANT agrees to abide by Utah's Executive Order, dated June 30, 1989, which prohibits sexual harassment in the work place. Sections 49 CFR 21 through Appendix H and 23 CFR 710.405(b) are applicable by reference in all contracts and subcontracts financed in whole or in part with Federal-aid highway funds. The CONSULTANT further agrees to furnish reports to the LOCAL AUTHORITY and/or the DEPARTMENT upon request for the purpose of determining compliance with these statutes identified in this section. The CONSULTANT shall comply with the Americans With Disabilities Act (ADA).

The CONSULTANT shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The CONSULTANT shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of federal-aid contracts. Failure by the CONSULTANT to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the DEPARTMENT deems appropriate. During the performance of this contract, the CONSULTANT, for itself, its assignees and successors in interest agrees as follows:

- (a) **Compliance with Regulations:** The CONSULTANT shall comply with the Regulation relative to nondiscrimination in federally-assisted programs of the 49 CFR Part 21, and the 23 CFR Part 200 as they may be amended from time to time, (hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this contract.
- (b) **Nondiscrimination:** The CONSULTANT, with regard to the work performed by it during the contract, shall not discriminate on the grounds of race, color, national origin, sex, age, disability/handicap, and low income status in the selection and retention of subconsultants, including procurements of materials and leases of equipment. The CONSULTANT shall not participate either directly or indirectly in the discrimination prohibited by 49 CFR § 21.5 of the Regulations, including employment practices when the contract covers a program set forth in Appendix B of the Regulations.
- (c) **Solicitations for Subconsultants, Including Procurements of Materials and Equipment:** In all solicitations either by competitive bidding or negotiation made by the CONSULTANT for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subconsultant or supplier shall be notified by the CONSULTANT of the CONSULTANT's obligations under this contract and the Regulations relative to nondiscrimination on the grounds of race, color, national origin, sex, age, disability/handicap, and low income status.
- (d) **Information and Reports:** The CONSULTANT shall provide all information and reports required by the Regulations or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the DEPARTMENT to be pertinent to ascertain compliance with such Regulations, orders and

instructions. Where any information required of a CONSULTANT is in the exclusive possession of another who fails or refuses to furnish this information the CONSULTANT shall so certify to the DEPARTMENT, and shall set forth what efforts it has made to obtain the information.

- (e) **Sanctions for Noncompliance:** In the event of the CONSULTANT's noncompliance with the nondiscrimination provisions of this contract, the DEPARTMENT shall impose such contract sanctions as it may determine to be appropriate, including, but not limited to:
 - (1) withholding of payments to the CONSULTANT under the contract until the CONSULTANT complies, and/or
 - (2) cancellation, termination or suspension of the contract, in whole or in part.
- (f) **Incorporation of Provisions:** The CONSULTANT shall include the provisions of paragraphs (a) through (f) in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Regulations, or directives issued pursuant thereto.

The CONSULTANT shall take such action with respect to any subcontract or procurement as the DEPARTMENT may direct as a means of enforcing such provisions including sanctions for non-compliance: Provided, however, in the event a CONSULTANT becomes involved in, or is threatened with, litigation with a subconsultant or supplier as a result of such direction, the CONSULTANT may request the DEPARTMENT to enter into such litigation to protect the interests of the DEPARTMENT, and, in addition, the CONSULTANT may request the United States to enter into such litigation to protect the interests of the United States. *(Provision revised July 29, 2013.)*

14. **CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY**

MATTERS: The CONSULTANT agrees to abide by the requirements of 49 CFR Part 29. By signing this contract the CONSULTANT certifies that to the best of their knowledge and belief that it or its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) Have not within a three-year period preceding this proposal been convicted of or had civil judgment against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or Local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or Local) with commission of any of the offenses enumerated in subparagraph 14(b) of this certification; and
- (d) Have not within a three-year period preceding this contract had one or more public transactions (Federal, State, or Local) terminated for cause or default.

Where the CONSULTANT is unable to certify to any of the statements in this certification, the CONSULTANT shall attach an explanation to this contract. Exceptions will not necessarily result in denial of award, but will be considered in determining CONSULTANT'S responsibility. Any exceptions noted shall identify to whom it applies, the initiating agency, and dates of the action. Providing false information may result in criminal prosecution or administrative sanctions.

15. **CERTIFICATION OF COMPLIANCE ON LOBBYING RESTRICTIONS:** The CONSULTANT agrees to conform with the lobbying restrictions established by Section 319 of Public Law 101-121 (Department of the Interior and Related Agencies Appropriations Act for Fiscal Year 1990) for contracts exceeding \$100,000 in Federal Funds. The CONSULTANT certifies, by signing this contract, to the best of their knowledge and belief, that:

- (a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any

Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

- (b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The CONSULTANT also agrees by signing this contract that they shall require that the language of this certification be included in all lower tier subcontracts, which exceed \$100,000 and that all such sub-recipients shall certify and disclose accordingly.

16. **CERTIFICATION OF COMPLIANCE ON DRUG AND ALCOHOL TESTING:** The CONSULTANT hereby certifies by executing this Contract, that the CONSULTANT shall comply with all applicable provisions of Rule 916-6 Drug and Alcohol Testing in State Construction Contracts and UCA Section 63G-6-604 throughout the term of this Contract. The CONSULTANT shall provide this requirement in its contracts with subconsultants.
17. **CONSULTANT COST CERTIFICATION:** The CONSULTANT hereby certifies by executing this Contract, that the CONSULTANT has previously submitted a CONSULTANT certification of final indirect costs in accordance with the Federal Acquisition Regulations (FAR) cost principles as described in the FHWA Order 4470.1A and in the DEPARTMENT Financial Screening Application.
18. **OWNERSHIP OF DOCUMENTS:** All tracings, plans, manuscripts, specifications, data, maps, etc., prepared or obtained by the CONSULTANT, as a result of working on this contract, shall be delivered to and become the property of the LOCAL AUTHORITY. All documents and data pertaining to work required by this contract shall be the property of the LOCAL AUTHORITY and shall be delivered to the LOCAL AUTHORITY within 10 working days after termination of the contract, regardless of the reason for termination; and without restriction or limitation on their further use. Costs of all the above items shall be considered as included in the basic contract compensation for the work as described in ATTACHMENT C.

The CONSULTANT shall not be responsible for another party's application of information contained in the contract documents to other projects, or for uses other than that for which the information was intended. Should patentable discoveries or inventions result from work required by this contract, all rights to them shall be the sole property of the CONSULTANT. Except, the CONSULTANT agrees to grant to the United States Government and the State of Utah a non exclusive, non transferable, paid up, license to use the discovery or invention. The CONSULTANT is permitted to copyright reports and other contract products provided that the LOCAL AUTHORITY, the DEPARTMENT and the Federal Highway Administration have a royalty free, non exclusive, irrevocable right to reproduce, publish, or otherwise use and authorize others to use for governmental purposes.

19. **ASSIGNMENT AND SUBCONTRACTING:** The CONSULTANT shall not subcontract any of the work required by this contract, or assign monies to be paid to the CONSULTANT hereunder, without the prior written approval of the LOCAL AUTHORITY and/or the DEPARTMENT. The amount billed to the DEPARTMENT for subcontractor costs shall be the same amount the CONSULTANT actually pays subcontractor for services required by this contract. All payments made by the CONSULTANT to the subcontractor for services required by this contract shall be subject to audit by the LOCAL AUTHORITY and/or the DEPARTMENT. All subcontracts must include all the same terms and conditions and provisions included in this contract. However, the prime CONSULTANT is responsible for ensuring that all work performed by sub-consultants is insured under their insurance policy, or they require that the sub-consultants meet the insurance provisions required under this contract.

The CONSULTANT must perform work valued at not less than 60% of the total contract amount, excluding specialized services, with its own staff. Specialized services are those services or items that are not usually furnished by a consultant performing the particular type of service contained in this contract.

- 20. PERSONNEL/STAFFING PLAN:** Any change in personnel from that specifically identified in Attachment C of this contract, must be approved by the DEPARTMENT through a modification to this contract or a Contract Management System (CMS) Alternative Staff Transaction prior to any work being performed by new personnel. Invoices submitted for payment with unauthorized personnel will not be paid. *(Provision revised July 29, 2013.)*
- 21. DISPUTES:** Claims for services, materials, or damages not clearly authorized by the contract, or not ordered by the LOCAL AUTHORITY and the DEPARTMENT by prior written authorization, will not be paid. The CONSULTANT shall notify the LOCAL AUTHORITY and the DEPARTMENT in writing, and wait for written approval, before it begins work not previously authorized. If such notification and approval is not given or the claim is not properly documented, the CONSULTANT shall not be paid the extra compensation. Proper documentation alone shall not prove the validity of the claim. The parties agree to use arbitration or mediation after exhausting applicable administrative reviews to resolve disputes arising out of this contract where the sole relief sought is monetary damages \$100,000 or less, exclusive of interest and costs.
- 22. CLAIMS - DELAYS AND EXTENSIONS:** The CONSULTANT agrees to proceed with the work previously authorized by the contract, or in writing, continually and diligently, and will make no charges or claims for extra compensation for delays or hindrances within its control during the progress of this contract. The LOCAL AUTHORITY and the DEPARTMENT may allow an extension of time for the contract, for a reasonable period as agreed by the parties, should a delay or hindrance occur. The LOCAL AUTHORITY and/or the DEPARTMENT shall not waive any of its rights under the contract by permitting the CONSULTANT to proceed with the contract after the established completion date.
- 23. CONSULTANT'S ENDORSEMENT ON PLANS, ETC.:** The CONSULTANT (if a firm, the responsible principal) is required to endorse and affix its seal to plans, reports, and engineering data furnished to the LOCAL AUTHORITY and/or the DEPARTMENT under this contract.
- 24. CONTRACT MODIFICATIONS:** This contract may be amended, modified, or supplemented, as it is mutually agreed to by the parties by written contract modification, executed by the parties hereto and attached to the original signed contract. If there is Federal funding as part of the revenue for this contract, the Federal Highway Administration must approve all changes.

Claims for services furnished by CONSULTANT, not specifically authorized by this contract or by appropriate modification, shall not be paid by the LOCAL AUTHORITY or the DEPARTMENT. When a contract modification has been agreed to by the parties no claim for the extra work done or material furnished shall be made by the CONSULTANT until the written modification has been fully executed. Any verbal agreements not confirmed in writing are non-binding.

- 25. TERMINATION:** This contract may be terminated as follows:
- (a) Mutual agreement of the parties; in writing and signed by the parties.
 - (b) By either party for failure of the other party to fulfill its obligations, as set forth with the provisions of this contract and in particular with Attachment C, "Services Provided by the CONSULTANT" or Section 40, "Duties of the DEPARTMENT". Reasonable allowances will be made for circumstances beyond the control of the CONSULTANT and the LOCAL AUTHORITY or the DEPARTMENT. Written notice of intent to terminate is required and shall specify the reasons supporting termination.
 - (c) By the LOCAL AUTHORITY or the DEPARTMENT for the convenience of the State or the LOCAL AUTHORITY upon written notice to the CONSULTANT.
 - (d) Upon satisfactory completion of required contract services.

On termination of this contract all accounts and payments will be processed in accordance with contract terms. An appraisal of the value of work performed to the date of termination shall be made to establish the amount due to or from the CONSULTANT. If the contract fee type is Cost-Plus-Fixed-Fee-With-Fixed-Total-Additive-Rate and the contract is terminated for reasons other than (d), the final fixed fee amount will be paid in proportion to the percentage of work completed as reflected by the periodic invoices as of the date of termination of the contract. Upon determining the final amount due the CONSULTANT, or to be reimbursed by the CONSULTANT, in the manner stated above, the final payment will be processed in order to close out the contract.

26. **DESIGN/CONSTRUCTION:** The CONSULTANT will utilize all current DEPARTMENT standards and be responsible for the professional quality, technical accuracy, and the coordination of all designs, drawings, specifications, and other services furnished by the CONSULTANT under this contract. The CONSULTANT will, without additional compensation, correct or revise any errors or omissions in its design, drawings, specifications and other services. This contract may remain open for modifications for any unforeseen work that may be deemed necessary by the DEPARTMENT going into the construction phase to accommodate future work by the prime CONSULTANT or sub-consultant. CONSULTANT will perform the services in accordance with the customary standard of professional care.
27. **ELECTRONIC PLAN ROOM DOCUMENTATION:** All consultants will be expected to adhere to the current DEPARTMENT development standards on the web site. It is the CONSULTANTS responsibility to provide all plans, specifications, surveys, and associated data in the DEPARTMENT acceptable electronic formats on one or more CD's. All project data will be organized in the DEPARTMENT'S project directory structure as specified in the DEPARTMENT'S current CADD Standards. It is the CONSULTANT'S responsibility to be aware of all DEPARTMENT requirements and formats. The DEPARTMENT CADD standards are available at the Engineering Technology Services (ETS) sub-page of the DEPARTMENT website www.udot.utah.gov/ets.

Computer Aided Drafting and Design acceptable formats are as follows:

- (a) Drafting: MicroStation Design format (.dgn) by Bentley Systems Inc., version 8.5 or higher.
- (b) Civil Design: InRoads by Bentley Systems Inc. version 8.8 or higher acceptable formats are as follows: Geometry files (.alg), Surface or digital terrain models (.dtm), Template libraries (.itl), and Roadway Designer files (.ird).
- (c) Survey and Photogrammetry: InRoads Survey format (.fwd) by Bentley Systems Inc. version 8.8 or higher. Raw survey files will be in ASCII format, (point number, Northing, Easting, Elevation and code). Survey points will be coded using the DEPARTMENT feature codes located in the DEPARTMENT preference file (.xin) and Raster Images (aerial photos) will be in MicroStation compatible formats. Design and Survey work will adhere to the DEPARTMENT CADD Standards and "Mapping & Aerial Photogrammetry" Guide.
- (d) Plotting: In order for the project to be published into the DEPARTMENT Electronic Plan Room (EPR) system, the CONSULTANT will prepare a file to direct the DEPARTMENT's plotting software, InterPlot, by Bentley Systems Inc. to produce the correct output. This is the InterPlot Organizer's plot-set file (filename.ips). This file contains specifications for each sheet in the plan set and controls the order and name of each sheet as they will appear in the EPR system. Instructions for preparing this file can be found at the DEPARTMENT Engineering Technology Services (ETS) website as stated above.
- (e) Responsibility: Region Designers/Consultants, Action - When submitting electronic files for advertising, Region or consultant designers must deliver to the DEPARTMENT the design files on CD's in the established project directory structure. The following files must be included in the submittal: 1) Major design files, including roadway design, structure, striping, signing, signals, and profiles (Microstation format), 2) Existing topography and existing utilities (Microstation format), 3) Existing and proposed surfaces (dtm format), 4) InRoads alignments (alg), templates (itl), roadway designer files (ird) and preference files (xin), 5) Configuration and resource files including font and linestyle resource files.

- (f) Placement: Action – Project data must be delivered to the DEPARTMENT on CD's in the established project directory structure.

The CONSULTANT will be responsible for the accuracy of the translated data.

Technical and Standards support will be provided to the CONSULTANT through the Engineering Technology Services Group of the Project Development Division at UDOT.

- 28. REQUIREMENTS FOR COMPUTER ELEMENTS:** Hardware, firmware and/or software elements that the CONSULTANT procures, furnishes, licenses, sells, integrates, creates and/or enhances for the LOCAL AUTHORITY and the DEPARTMENT under this contract shall achieve the specific objectives specified in the work plan. These elements shall be free of defects, or "bugs," that would prevent them from achieving the objectives specified in the work plan.
- Computer software and applications created and/or enhanced under this contract shall include as deliverables; user instructions, program documentation, program listings, source code and executables in specified compiled formatted files. The program documentation shall include flow charts and detailed treatment of decision algorithms and their technical basis. Appropriate LOCAL AUTHORITY individuals will review "user instructions" and "program documentation" for acceptability. Formal sign-offs will record such events and be part of the project repository. Software development and operating system platforms shall be approved by the LOCAL AUTHORITY and the DEPARTMENT and specified in the work plan. Changes to these platforms shall only be allowed by written authorization by the LOCAL AUTHORITY and the DEPARTMENT.
- 29. COST PRINCIPLES:** Regardless of the funding source, the costs allowable for reimbursement will be governed by the Federal Acquisition Regulations, Title 48, Part 31, as modified by Utah State law, administrative rules, and regulations on contract provisions.
- 30. RIGHT OF WAY SUBMITTAL REQUIREMENTS:** Submission of right of way acquisition packages are required to follow the *UDOT Right of Way ProjectWise Naming Convention and Attributing Guide*, as amended, which is incorporated herein by this reference. The Guide may be found on the UDOT website www.udot.utah.gov/go/rowprojectwiseguide. (*Provision revised September 30, 2013.*)
- 31. GOVERNMENT RECORDS AND ACCESS MANAGEMENT ACT:** Pursuant to the Government Records Access and Management Act, Title 63G, Chapter 2, Utah Code Annotated, the CONSULTANT understands that if it believes that any records it submits to the DEPARTMENT and/or LOCAL AUTHORITY should be considered confidential for business purposes under Utah Code Ann. §63G-2-309, it must attach written notice of that opinion to the record when it first submits it. The CONSULTANT understands that the DEPARTMENT and/or LOCAL AUTHORITY will not treat any such record as confidential under Section 63G-2-309 absent such written notification. Additionally, the CONSULTANT agrees that neither the State of Utah, the DEPARTMENT and/or LOCAL AUTHORITY, nor any of their agents or employees are responsible for disclosure of any record that the CONSULTANT considers confidential if either the State Records Committee or a court orders it released.
- 32. WORK ACCEPTANCE:**
- (a) All work performed under this contract shall be performed in accordance with Standards, Specifications, Manuals of Instruction, Policies and Procedures established by the DEPARTMENT. All work shall be subject to the approval of the LOCAL AUTHORITY and the DEPARTMENT through its designated representatives. When the work is Federally funded, the LOCAL AUTHORITY and the DEPARTMENT will coordinate with the Federal Highway Administration (FHWA) to obtain concurrence in the work.
- (b) Reviews and Quality Assurance: All contracts require a quality control / quality assurance plan and checklist. For design projects specifically, the CONSULTANT shall deliver a project specific QC/QA plan that meets or exceeds the DEPARTMENT'S standard QC/QA plan located on the DEPARTMENT web page at <http://www.udot.utah.gov/go/qcqa>. If the CONSULTANT elects to use their own QC/QA plan, that plan shall, as a minimum, contain the requirements of the DEPARTMENT'S plan and be approved by the DEPARTMENT'S Project Manager. In addition to

the QC/QA checklists and certifications, back up documentation of the QC/QA plan shall be maintained. The back up documentation shall include, but not be limited to the following items:

- (1) Check prints and calculations
- (2) Comment resolution forms
- (3) Written records of the findings of the Quality Control check
- (4) Peer review letters, memoranda, etc.
- (5) Any other correspondence regarding the Quality Control activities involving the task.

33. GENERAL CONTROL AND INSPECTIONS: The CONSULTANT shall be represented at progress review meetings as may be scheduled by the LOCAL AUTHORITY and the DEPARTMENT. The CONSULTANT shall accompany LOCAL AUTHORITY and the DEPARTMENT personnel and other representatives on field inspections and at conferences as may be required.

34. IF THIS CONTRACT IS FOR DESIGN:

- (a) The design consultant will be retained to answer and clarify any questions on the design during construction. The consultants will be required to include this task in their cost proposal. The Construction Project Engineer will call on the CONSULTANT as he needs him. If the work required from the CONSULTANT is due to errors in the design, the CONSULTANT will not be reimbursed. To enhance the communication between the LOCAL AUTHORITY, the DEPARTMENT and Consultants, the LOCAL AUTHORITY and the DEPARTMENT are requiring that the CONSULTANT attend the following meetings: kickoff meeting, preconstruction meeting, and the final inspection meeting. These meetings should be included in the detail work plan.
- (b) If the project requires horizontal and vertical control to be established and/or identifying existing surface features to develop a Digital Terrain Model (DTM) for the design of the project, the CONSULTANT will follow the narrative in the *Project Delivery Network* for Task 1B1 Develop Base Mapping/Existing Surface on the UDOT website www.udot.utah.gov/go/pdnpdn, which is incorporated herein by this reference. (*Provision revised September 30, 2013.*)

35. IF THIS CONTRACT IS FOR CONSTRUCTION ENGINEERING MANAGEMENT:

- (a) **Construction Administration**
Administration of any construction project delegated to the CONSULTANT. The CONSULTANT will perform activities for Construction Administration as identified and defined in the *UDOT Construction Manual of Instruction*. Deliverables and checklists for the project are based on project specifications. The CONSULTANT is required to comply with DEPARTMENT partnering requirements and oversee contractor participation. This includes but is not limited to attending DEPARTMENT training, leading the partnering effort on the project along with the contractor, participating in weekly updates on the partnering website, and monitoring and measuring partnering on the project. The CONSULTANT is responsible for required documentation for any item addressed in the project specifications and Construction contract. Items will include, but not be limited to, Materials Testing, Materials Certifications, Change Orders, Project and Materials Inspection, Civil Rights requirements, Engineer's Diary, Subcontracts, Payrolls, Meeting Minutes, Project Scheduling and Process Review summaries.
- (b) **Materials Testing and Inspection**
The CONSULTANT will perform materials testing and inspection in accordance with the requirements of the project Construction contract. These requirements include the Materials Acceptance and Independent Assurance Programs, as outlined in the *UDOT Materials Manual of Instruction (MOI)*. The Materials Acceptance Program defines requirements for acceptance testing and verification testing. The Independent Assurance Program defines requirements for independent assurance testing, personnel qualifications and laboratory qualifications.
- (c) **Acceptance Testing/Inspection**
Acceptance testing/inspection will be performed in accordance with the project specifications and *UDOT Minimum Sampling and Testing Requirements (MS&T)*. Minimum frequencies for materials acceptance testing and inspection are defined in the UDOT MS&T and are the absolute minimum for the identified materials, regardless of special provision requirements.

- (d) **Independent Assurance Testing**
Requirements for Independent Assurance testing are outlined in the UDOT Materials MOI and project level requirements will be performed and documented by the CONSULTANT at the project level. Documentation will be provided for IA test results, personnel qualifications and laboratory qualifications. Documentation for personnel and laboratory qualification will be performed prior to any sampling or testing being performed on the project.
- (e) **Project Inspection**
Project Inspection is a combination of the presence of the CONSULTANT, and the documentation of the project's daily activities. The CONSULTANT will perform inspection in accordance with project specifications and documentation will include, at a minimum, Inspector's Daily Reports, materials placement inspection reports, project diaries, measurement and payment information, and project visual reviews for items such as traffic control placement and conformance, etc.
- (f) **Project Closeout**
Project information obtained through contract administration, materials testing and project inspection will be collated and reviewed by the CONSULTANT to assure that all of the necessary documents are present to demonstrate compliance with the plans, specifications and Construction contract. Closeout will be performed in accordance with the comprehensive checklist in the UDOT Construction MOI and will include at a minimum, all C-106 forms, the project C-196 form, all change orders and all administrative requirements, such as payrolls and Civil Rights requirements.
- (g) The DEPARTMENT's Construction Manual of Instruction and Materials Manual of Instruction can be obtained from Central Construction and Materials Division 801-965-4346 or available at the sub-page of the DEPARTMENT website www.udot.utah.gov/ets.

36. INSPECTION OF INTELLIGENT TRANSPORTATION SYSTEMS (ITS) AND ELECTRICAL

CONSTRUCTION: In order to ensure complete impartiality in the performance of construction inspection, any consultant engineering companies who are concurrently performing or bidding on ITS or electrical construction work for the LOCAL AUTHORITY and/or DEPARTMENT will not be considered eligible to perform construction inspection of ITS or electrical work on any projects as part of a consultant contract.

Consultants who are selected to do ITS or electrical construction inspection as part of a consultant contract will be requested to affirm that they currently are not performing or bidding on any electrical or ITS construction work for LOCAL AUTHORITY and/or DEPARTMENT and will not for the duration of the relevant consulting contract.

For the purposes of this provision, ITS or electrical construction is defined as follows:

Work involving the installation or repair of underground electrical conduit, electrical cables, fiber-optic cable, or any other construction work involving 120 volt (or greater) current for which an electrician's license is required. Field work taking place inside an electrical cabinet, or involving low voltage detection or data circuits, will *not* be considered ITS or electrical construction. Diagnosis, testing, calibration, aiming, resplicing, or repair of low voltage detection circuits, fiber-optic cable, or detection equipment will *not* be considered ITS or electrical construction.

Consultant engineering companies who also perform ITS or electrical construction work under contract to LOCAL AUTHORITY and/or DEPARTMENT *will* be eligible to perform the following types of consulting work, provided that the work is on completely different projects, with no possibility for conflict of interest: design work, ITS system integration, software development.

- 37. NO THIRD PARTY BENEFICIARIES:** The parties enter in to this contract for the sole benefit of the parties, in exclusion of any third party, and no third party beneficiary is intended or created by the execution of this contract.
- 38. COORDINATION WITH DEPARTMENT FUNCTIONAL MANAGERS:** In order to ensure programmatic consistency, if the project requires, the CONSULTANT will coordinate decisions with the Region and/or Central Functional Managers in addition to the DEPARTMENT Project Manager. It is important for consultants to seek input into decisions from the technical experts within the DEPARTMENT.

- 39. USE OF STATE SEAL AND UDOT LOGO:** The CONSULTANT will not misrepresent their employees as State of Utah employees. The CONSULTANT will not use the Utah State Seal or UDOT logo on business cards for their employees nor use Utah or UDOT letterhead on correspondence signed by their employees with the following exception: the CONSULTANT may incorporate the UDOT logo on their business cards stating, "In partnership with UDOT" in addition to the CONSULTANT'S own logo. The CONSULTANT may prepare correspondence for the approval and signature of appropriate State of Utah employees.
- 40. DUTIES OF THE LOCAL AUTHORITY AND THE DEPARTMENT:**
- (a) **Guarantee Access:** The LOCAL AUTHORITY and/or the DEPARTMENT shall guarantee access to and make all provisions for the CONSULTANT to enter upon all lands, both public and private which in the judgment of the parties hereto are necessary to carry out such work as may be required.
 - (b) **Prompt Consideration:** The LOCAL AUTHORITY and the DEPARTMENT shall give prompt consideration to all reports, plans, proposals and other documents presented by the CONSULTANT.
 - (c) **Documents:** The DEPARTMENT shall furnish Standards, Specifications, Manuals of Instruction, Policies and Procedures, and other available information, including any material previously prepared for this work. Specific materials related to this contract that will be furnished by the LOCAL AUTHORITY and the DEPARTMENT.
 - (d) **Services:** The LOCAL AUTHORITY and the DEPARTMENT will perform standard services relating to this contract.

SERVICES PROVIDED BY THE CONSULTANT**1. SCOPE SUMMARY:**

This contract will be to complete the Mitchell Hollow Trailhead design. This includes desing, assembling the advertising package which includes plans, specifications and estimate.

2. SCOPE DOCUMENTS:

Following are the scope items contained in this attachment pages 2 through 16:

- (a) Approval Memo
- (b) Detailed Work Plan
- (c) Personnel/Staffing Plan
- (d) Schedule
 - (1) Completion: All work shall begin within seven (7) days of notice to proceed and shall be completed by May 9, 2014.
 - (2) Project/Contract Period: The project/contract will terminate May 9, 2014, unless otherwise extended or canceled in accordance with the terms and conditions of this contract. If additional time is required beyond the project completion date, the CONSULTANT shall submit a "Contract Time Extension Modification" to the LOCAL AUTHORITY and the DEPARTMENT'S Project Manager for approval and processing.
- (e) Certificate of Insurance



UDOT Consultant Services Contract Approval Memo

Memo Printed on: December 18, 2013 12:32 PM



PM Approval Date: December 17, 2013

UDOT PM: Matthew Parker

The Project Manager has reviewed and approved the contract/modification documents: Executive Summary, Work Plan, QC/QA Plan and Checklist, Staffing Plan, Work Schedule, and Cost Proposal.

PROJECT INFORMATION

PIN: 11977
Project No.: F-LC49(140)
Job/Proj: 5403115D
PIN Description: Highland City; Mitchell Hollow Trailhead

CONTRACT INFORMATION

CS Admin: Michael R. Butler
Contract No.: New PE for Mitchell Hollow Trailhead Design
Mod No.:
Expiration Date: May 9, 2014
Contract/Mod Amount: \$37,392.46
Fee Type: UNIT PRICE
Selection Method: POOL - GE / LG (DIRECT SELECT)
Period: 2013-2016 GE / LG
Phase: PRELIMINARY ENGINEERING
Discipline: PRECONSTRUCTION ENGINEERING

CONTACTS

Consultant

BOWEN COLLINS & ASSOCIATES, INC.

154 EAST 14000 SOUTH

DRAPER, UT 84020

Local Government

Highland City

Matt Shipp

5378 W 10400 N

HIGHLAND, UT 84003

(801) 722-4523

MATT@HIGHLANDCITY.ORG



Michael Butler <michaelbutler@utah.gov>

Local Government Approval(Bowen Contract) ~ Project No. F-LC49(140) / PIN 11977

Matt Shipp <Matt@highlandcity.org>
To: Michael Butler <michaelbutler@utah.gov>

Wed, Dec 18, 2013 at 2:39 PM

Mike

Highland City is good with the documents and is okay to move forward with signatures. Thanks for your help on this.

Matt

Matthew F. Shipp, P.E.
Public Works Director
City Engineer
Highland, Utah
[Quoted text hidden]

BOWEN COLLINS & ASSOCIATES, INC.

Prime

UDOT Executive Summary

Contract Number:	NEW	Mod:			
Project Number:	F-LC49(140)	PIN:	11977	UDOT Project Manager:	Matthew Parker
PIN Description:	Highland City; Mitchell Hollow Trailhead				

Brief Description

Design of the 10400 North Park for Highland City. Project is approximately 3.5 acres in size. The design will include parking, parking lot lighting, landscape and irrigation, roadway design and widening of 10400 north (north side), striping, utility design, grading design and signage. Subconsultant tasks will include survey and irrigation design.

Project Team

Bowen Collins & Associates: Prime consultant, providing civil and structural engineering, landscape design, electrical design, and project management.

Redcon: Providing site survey that includes topography, existing utilities and roadway.

Jacobsen Irrigation: Landscape irrigation design.

Assumptions

No bidding or CMS provided as part of this contract. No easement or ROW information. BC&A is assuming that UDOT and Highland City will handle all property license agreements. No public involvement is part to of this contract. It is also assumed that no geotechnical engineering is required. Assume that all design files will be generated in AutoCAD in order to utilize the existing work that has been completed on the Murdock Canal Trail and Provo River Water Users Association past projects.

Project team with prepare an erosion control plan. A SWPPP will be provided by contractor.

Phasing

The design will not be phase. However, depending on funding, the construction of the project may be phased.

Fee Type

Unit Price Contract.

BOWEN COLLINS & ASSOCIATES, INC.

Prime

UDOT Work Plan

Contract Number:	NEW	Mod:			
Project Number:	F-LC49(140)	PIN:	11977	UDOT Project Manager:	Matthew Parker
PIN Description:	Highland City; Mitchell Hollow Trailhead				

Activity: PD1

Set up and maintain ePM, coordinate ProjectWise.

Activity: 1Z1

1Z1 Project Setup

Overview

The Project Manager and accounting department will set up the project to include staff, subconsultants and tasks. The project will also be set up in ePM.

Deliverables

- Proposed Scope, Schedule, and Budget
- Project Set-Up

Distribution

- ProjectWise
- Kickoff Meeting (1V1)

Develop Project Scope, Schedule, and Budget

The Project Manager will prepare a project scope, schedule and budget to be reviewed during the Kickoff Meeting (1V1).

Activity: 1V1

1V1 Kickoff Meeting

Overview

Prepare for and hold the initial project team meeting that will include the UDOT PM, Highland City staff, and Bowen Collins & Associates staff. The purpose of the meeting is to introduce team members, to familiarize the team with the project, to review the proposed project scope, proposed schedule and proposed budget, and to commit to the project's success.

Deliverables

- Meeting Agenda
- Meeting Notes

Distribution

- ProjectWise
- Attendees

Meeting Attendees

All potential team members will be invited. The invitation will include the following:

- Summary of the scope
- Meeting Agenda
- Draft Scope, Schedule, and Budget
- Draft Communication Plan

UDOT personnel, BC&A staff and Highland City staff will be invited to the kick-off meeting.

Meeting Notes

The following items will be included in the meeting minutes and distributed to those invited:

- Decisions
- Action Items
- Revisions to Draft Scope, Budget, and Schedule

Activity: 1B1

1B1 Develop Base Mapping/Existing Surface

Overview

BC&A will work with Redcon (survey subconsultant) to develop base mapping and topography for the entire project area. The survey will include the 10400 Park boundary the survey of 10400 North where the road is proposed to be widened as part of this project.

Deliverables

- Survey Control Sheet
- Base Mapping
- Base Mapping File Certification

Distribution

- ProjectWise
- Design Leader
- Roadway Designer

Activity: 1Q1

1Q1 Assess Existing Hydraulic Conditions

Overview

BC&A will evaluate the existing hydraulic conditions from the survey and available data provided by Highland City. This process will assist in the hydraulic design of the widening of 10400 North. The park will sheet flow into an existing drainage ditch and culvert. Hydraulic calculations will include sizing the channel to accommodate additional parking lot flows.

Deliverables

- Preliminary Drainage Summary
- QC Cover Sheets

Distribution

- ProjectWise

Activity: 2Y1

2Y1 Prepare/Compile Geometry Review Package

Overview

The geometry review package will include the geometry to widen 10400 North, the access location of 10400 North Park and the parking lot geometry. A comment resolution form will be provided for review and compiled into one document once all comments are received.

Deliverables

- Comment Resolution Form
- Geometry Review Package

Distribution

- ProjectWise
- Project Manager
- Project Team Members
- Reviewers
- Geometry Review Meeting

Activity: 3U2

3U2 Initial Design Utility Coordination

Overview

BC&A will evaluate the existing utilities and coordinate potential conflicts as part of this project.

Deliverables

- Develop a map for the location of utilities.

Distribution

- ProjectWise
- Roadway Designer
- Roadway Hydraulics Designer
- Design Leader
- Utility Companies

Activity: 3Y1

3Y1 Prepare/Compile Plan-in-Hand Review Package

Overview

Compile comment resolutions, project cost estimate, and all discipline review materials to produce the Plan-in-Hand Review Package. This will be a 100% review meeting for civil, roadway, hydraulic, landscape, electrical and structural design of the project.

Deliverables

- Comment Resolution Form
- Plan-in-Hand Review Package

Distribution

- ProjectWise
- Project Manager
- Project Team Members
- Reviewers
- Plan-in-Hand Review Meeting

Activity: 3V1

3V1 Plan-in-Hand Review Meeting

Overview

The plan-in-hand review is for the final review of all civil, roadway, hydraulic, landscape, electrical and structural design, which should be complete. The meeting should include reviews to determine available funding and consistency, accuracy, and constructability within the project scope. A comment resolution form will be provided to the attendees and compiled once all comments are received.

Deliverables

- Meeting Agenda
- Distributed Review Material
- Meeting Notes

Distribution

- ProjectWise
- Project Team
- Reviewers
- Optional Meeting Attendees

Invitees Distribute Review Material

The project team members, including UDOT personnel, Highland City and BC&A staff will be invited to the plan-in-hand meeting. Agenda and review materials will also be distributed.

Meeting Notes

Meeting notes will be distributed to all invited.

Activity: 4A1

4A1 Complete Erosion & Sediment Control Plans and Documents

Overview

An erosion and sediment control plan will be provided as part of the contract documents. The plans will follow UDPES standards. It is assumed that the contract will obtain a SWPP Plan.

Deliverables

- Erosion and Sediment Control Plans

Distribution

- Included as part of the design package

Activity: 4A2

4A2 Complete Aesthetics, Landscape, Irrigation, and Site Plans and Documents

Overview

BC&A will follow the UDOT Plan Sheet Development Standards for the aesthetics, landscape, irrigation, site plans and project documents.

Deliverables

- Comment Resolution Form
- Landscape/Irrigation/Site Plans
- Landscape/Irrigation/Site Cost Estimate
- Landscape/Irrigation/Site Plan Documents
- QC Cover Sheets

Distribution

- ProjectWise
- Design Leader
- Region Landscape Architect

Activity: 4R1

4R1 Complete Roadway Plans & Documents

Overview

BC&A will follow the UDOT Plan Sheet Development Standards, complete the 10400 North roadway plan widening sheets, the parking lot design for 10400 north and other civil design features. A final cost estimate will be provided as part of the project.

Deliverables

- Comment Resolution Form
- 10400 North Roadway Plan and Profile Sheets
- Roadway Project Documents
- Cost Estimate
- QC Cover Sheets

Distribution

- Design Leader
- ProjectWise

Activity: 4R3

4R3 Complete Signal and Lighting Plans and Documents

Overview

A lighting plan will be provided as part of the parking lot design for 10400 North Park.

Deliverables

- Lighting Comment Resolution Form
- Lighting Plan Sheets
- Lighting Project Documents
- Lighting Design Approval

Distribution

- ProjectWise
- Design Leader

Activity: 4Y1

4Y1 Prepare/Compile PS&E Review Package

Overview

BC&A will compile the comment resolutions into one document, finalize the project cost estimate, and compile all discipline review materials to produce the PS&E Review Package. BC&A will invite the project team, Highland City and UDOT employees to attend the review meeting. An agenda and review material will be prepared and distributed to those invited. A comment resolution form will be distributed and compiled with received comments.

Deliverables

- Comment Resolution Form
- Plan Set Sheets
- Project Cost Estimate
- Special Provisions
- PS&E Review Package
- QC Cover Sheets

Distribution

- ProjectWise
- Project Manager
- Project Team Members
- Reviewers
- PS&E Review Meeting

Activity: 5Y1

5Y1 Incorporate PS&E Review Comments

Overview

Make revisions based on comments made during PS&E Review (4V1).

Deliverables

- PS&E Comment Resolution Form
- QC Cover Sheets
- Final Plan Set & Project Documents Package

Distribution

- ProjectWise
- Project Manager
- Project Team Members
- Reviewers
- Comment Resolution Meeting

Activity: 5Z1

5Z1 Project

Overview

This activity is for the Project Manager oversight of the project through the entire design phase. This task will include coordination with Highland City staff, UDOT staff and the project team staff.

Deliverables

- Team Meetings and Meeting Notes
- Updated ePM
- Project Responsibility Chart
- Processed Invoices
- Contract Modifications

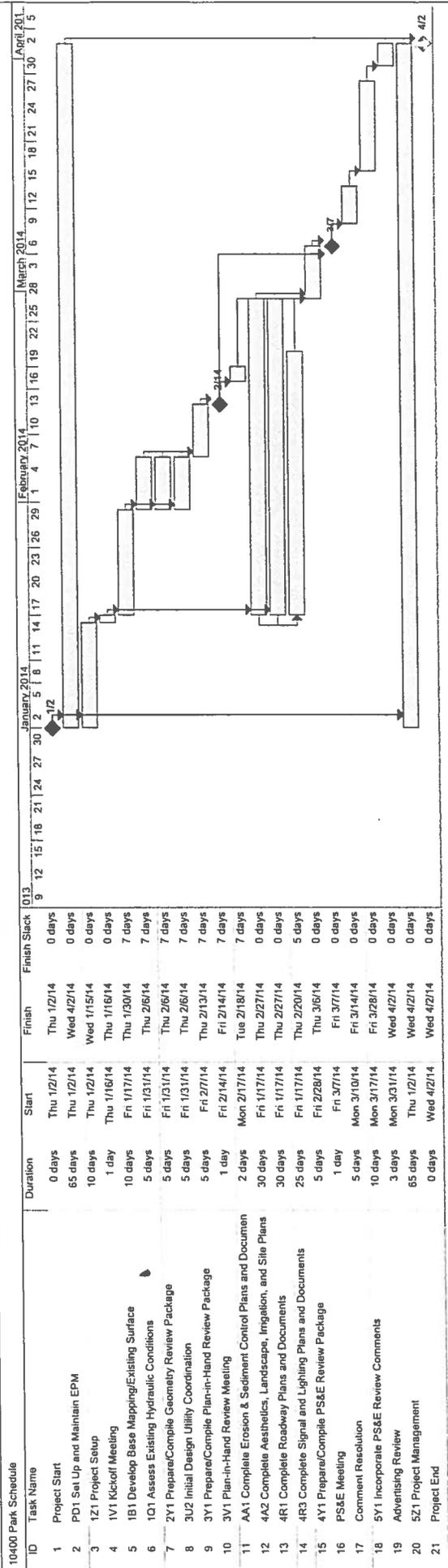
Distribution

- ProjectWise
- Project Team (As Applicable)
- Program Manager (As Applicable)

UDOT Staffing Plan

Contract Number: NEW	Mod:	
Project Number: F-LC49(140)	PIN: 11977	UDOT Project Manager: Matthew Parker
Project Location: Highland City; 10400 North Mitchell Hollow Trailhead		

Employee Name	Contract Job Title	Education/Certification	License Number	Hours	Current Rate	Proposal Rate	Approval Date
DAVIS, RUSS	STRUCTURAL ENGINEER	BS	UT-6953537	15	\$63.75	\$126.93	NTP
BAGLEY, KIRK	SENIOR PROJECT MANAGER	BS	UT-189253-2202	68	\$56.42	\$112.33	NTP
GARCIA, RODOLFO	SENIOR CAD MANAGER	BS		5	\$48.96	\$97.48	NTP
STEWART, DOUG	ELECTRICAL ENGINEER	BS	UT-173312	18	\$46.00	\$91.59	NTP
TSANDES, JAMIE	ENVIRONMENTAL/LANDSCAPE ARCH	BLA		94	\$40.28	\$80.20	NTP
NEIL, ERIC	PROJECT ENGINEER	ME	UT-7702647-2202	135	\$33.29	\$66.28	NTP
SKOUSEN, MICHELLE	ACCOUNTANT	BS		7	\$31.23	\$62.18	NTP
DANNELLY, LEANN	ADMINISTRATIVE ASSISTANT	HIGH SCHOOL		6	\$28.33	\$56.41	NTP
RIGGS, SETH	CAD TECHNICIAN	BS		71	\$27.69	\$55.13	NTP
Total Hours for BOWEN COLLINS & ASSOCIATES, INC.:				419			



10400 Park Schedule
 Tue 12/17/13

Task Split

Progress Milestone

Summary Project Summary

External Tasks External Milestone

Deadline

Page 1



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
07/18/13

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER American Ins & Investment Corp 448 South 400 East Salt Lake City, UT 84111 D. David Bradshaw, CPCU	Phone: 801-364-3434 Fax: 801-355-5234	CONTACT NAME: Shauna Barker PHONE (A/C, No, Ext): 801-364-3434 E-MAIL ADDRESS: shauna@american-ins.com FAX (A/C, No): 801-355-5234
	INSURER(S) AFFORDING COVERAGE	
INSURED Bowen Collins & Associates Attn: Jeff Beckman 154 East 14000 South Draper, UT 84020	INSURER A: Twin City Fire Insurance Co	NAIC # 29459
	INSURER B: Travelers Indemnity Company	25658
	INSURER C: Sentinel Insurance Co Ltd	11000
	INSURER D: XL Specialty Insurance Company	37885
	INSURER E:	
	INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
B	<input checked="" type="checkbox"/> GENERAL LIABILITY	X		6802794L324	07/16/13	07/16/14	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
C	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY	X		34UENKW2924	07/16/13	07/16/14	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB			CUP6766Y453	07/16/13	07/16/14	EACH OCCURRENCE \$ 5,000,000
	<input type="checkbox"/> EXCESS LIAB <input checked="" type="checkbox"/> RETENTION \$ 10,000						AGGREGATE \$ 5,000,000
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	Y/N	N/A	34WEBM3696	08/04/13	08/04/14	<input checked="" type="checkbox"/> WC STATUTORY LIMITS
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000
D	Professional Liab.			DPR9709473	08/04/13	08/04/14	Ea Claim \$ 5,000,000
	Claims-Made & Rept			RETROACTVIE DATE 07/01/97			Aggregate \$ 5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Re: Consulting Engineering Services; The State of Utah, Utah Dept of Transportation & Local Government Agency (if applicable) are listed as an insured with respects to the General and Auto Liability as per the contract.

CERTIFICATE HOLDER

CANCELLATION

UDOT-02

UDOT Consultant Services
P O Box 148490
Salt Lake City, UT 84114-8490

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

FEES

UNIT PRICE

1. **UNIT PRICE:** For all services and materials pertinent hereto and/or specifically described herein, except as otherwise explicitly cited, the LOCAL AUTHORITY agrees to pay the CONSULTANT for the work performed at the unit prices reviewed and approved by the LOCAL AUTHORITY and the DEPARTMENT'S Project Manager. Unit Prices include Direct Labor Expenses, Payroll Additives, Indirect Expenses, and Direct Non-salary Expenses and Profit.

The costs included in the Unit Price have been reviewed and limited to the costs which are allowable under the Federal Acquisition Regulations contained in Title 48 CFR, Part 31 as modified by Utah State law, administrative rules, regulations, or contract provisions.

Guest meals (meals paid by a Consultant or Consultant's employee for someone other than his/her self shall NOT be reimbursed unless previously approved in writing by the DEPARTMENT'S Project Manager and the LOCAL AUTHORITY.

2. **MODIFICATIONS:** In the event the LOCAL AUTHORITY requires changes of services which materially affect the scope of work or work plan, with a resulting material increase in cost to the CONSULTANT, a contract modification for additional compensation and time for completion shall be entered into by the parties hereto prior to making such change. Any such work done without prior agreement shall be deemed **not** covered in the compensation and time herein provided.
3. **PROGRESS PAYMENTS:** Progress payments are based upon the approved completed units and are made pursuant to certified invoices received.
4. **INVOICES:** The CONSULTANT will submit monthly payment requests promptly and no later than 45 calendar days after each monthly billing cycle. Invoices are to reflect charges as they apply to the appropriate contract, project, and account number, and must be properly certified and executed by an official legally authorized to bind the firm. The invoice must be substantiated with appropriate supporting documentation such as time sheets, labor reports, or cost accounting system print-out of employee time, receipts for direct expenses, and subconsultant invoices and supporting documentation that is reviewed and approved by the DEPARTMENT'S Project Manager and subject to final approval by the DEPARTMENT'S Comptroller's Office.

Payment requests for services performed on or before the last day of the Utah fiscal year (June 30), must be submitted no later than 30 calendar days after the billing cycle, see Utah Code Ann. § 63J-1-601.

The CONSULTANT acknowledges untimely billing may adversely affect the LOCAL AUTHORITY and DEPARTMENT due to federal funding requirements in 49 CFR § 18.23, and/or the state fiscal constraints imposed upon it as a department of state government by Title 63J, Chapter 1, Budgetary Procedures Act. The CONSULTANT waives payment, and waives the right to bring action in law or in equity to recover payment for services, for any and all payment requests the DEPARTMENT does not receive from the CONSULTANT within the timeframe provided under this contract. *(Provision revised June 27, 2012.)*

5. **FINAL PAYMENT:** Final invoice payment will be released only after a project evaluation form has been completed, all materials and services associated with this contract have been reviewed and approved by the LOCAL AUTHORITY and the DEPARTMENT'S Project Manager and finalized by the DEPARTMENT'S Comptroller's Office.

The DEPARTMENT'S Project Managers and the DEPARTMENT'S Comptroller's Office have the right to hold the final invoice payment on certain projects when design and construction are performed by two separate Consultants or if there is a potential possibility of a design or construction error. The DEPARTMENT Comptroller's Office also has the right to hold the final invoice payment until the final audit is complete upon the request of the DEPARTMENT Project Manager.

6. **FINANCIAL SUMMARY:** The total maximum amount of disbursement pertinent to this contract is \$37,392.46. Contract overruns will **not** be paid.

7. **COST PROPOSAL:** The Cost Proposal prepared by the CONSULTANT and reviewed and approved by the LOCAL AUTHORITY and the DEPARTMENT'S Project Manager can be found in Attachment D, pages 2 through 6.

The Unit Price rates shown in the CONSULTANT'S Cost Proposal were negotiated and agreed upon by both parties of this contract. The CONSULTANT will invoice the DEPARTMENT using the negotiated unit price rates agreed upon and shown in the CONSULTANT Cost Proposal. These unit rates will be fixed for the period of this contract. Any changes must be approved by the LOCAL AUTHORITY and the DEPARTMENT and by written contract modification.

UDOT Cost Proposal

Contract Number:	NEW	Mod:			
Project Number:	F-LC49(140)	PIN:	11977	UDOT Project Manager:	Matthew Parker
Project Location:	Highland City; 10400 North Mitchell Hollow Trailhead				
Labor Costs					
Employee Name	Contract Job Title	Hours	Proposal Rate	Labor Cost	
BAGLEY, KIRK	SENIOR PROJECT MANAGER	68	\$112.33	\$7,638.44	
DANNELLY, LEANN	ADMINISTRATIVE ASSISTANT	6	\$56.41	\$338.46	
DAVIS, RUSS	STRUCTURAL ENGINEER	15	\$126.93	\$1,903.95	
GARCIA, RODOLFO	SENIOR CAD MANAGER	5	\$97.48	\$487.40	
NEIL, ERIC	PROJECT ENGINEER	135	\$66.28	\$8,947.80	
RIGGS, SETH	CAD TECHNICIAN	71	\$55.13	\$3,914.23	
SKOUSEN, MICHELLE	ACCOUNTANT	7	\$62.18	\$435.26	
STEWART, DOUG	ELECTRICAL ENGINEER	18	\$91.59	\$1,648.62	
TSANDES, JAMIE	ENVIRONMENTAL/LANDSCAPE ARCH	94	\$80.20	\$7,538.80	
		Total Hours:	419		
			Total Direct Labor:		\$32,852.96
Other Direct Charges					
ODC Item	Unit of Measure	Qty	Item Cost	Extended Cost	
MILEAGE	UNIT	200.0	\$.555	\$111.00	
JACOBSEN IRRIGATION	JOB	1.0	\$2,211.000	\$2,211.00	
REDCON SURVEY	JOB	1.0	\$2,200.000	\$2,200.00	
REPRODUCTION OF CONTRACT DOCS	UNIT	250.0	\$.070	\$17.50	
				Total Other Direct Charges:	\$4,539.50
				Total Contract Cost:	\$37,392.46

UDOT Hours Derivation

Contract Number:	NEW	Mod:	
Project Number:	F-LC49(140)	PIN:	11977
Project Location:	Highland City; 10400 North Mitchell Hollow Trailhead		
UDOT Project Manager: Matthew Parker			

Employee Name	PD1	1Z1	1V1	1B1	1Q1	2Y1	3U2	3Y1	3V1	4A1	4A2	4R1	4R3	4Y1	5Y1
DAVIS, RUSS	0	0	0	0	0	0	0	0	0	0	5	10	0	0	0
BAGLEY, KIRK	4	1	4	0	4	1	1	4	4	2	0	21	0	8	4
GARCIA, RODOLFO	0	0	0	0	0	0	0	0	0	0	5	0	0	0	0
STEWART, DOUG	0	0	0	0	0	0	0	0	0	0	0	0	16	0	2
TSANDES, JAMIE	4	1	4	0	0	0	0	4	4	0	62	0	0	3	2
NEIL, ERIC	0	0	0	2	4	8	9	8	4	4	0	77	2	12	5
SKOUSEN, MICHELLE	0	3	0	0	0	0	0	0	0	0	0	0	0	0	0
DANNELLY, LEANN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RIGGS, SETH	0	0	0	10	0	8	0	0	0	8	0	40	0	0	5

UDOT Hours Derivation

Contract Number:	NEW	Mod:	
Project Number:	F-LC49(140)	PIN:	11977
Project Location:	Highland City; 10400 North Mitchell Hollow Trailhead		
UDOT Project Manager:	Matthew Parker		

Employee Name	5Z1																	Total
DAVIS, RUSS	0																	15
BAGLEY, KIRK	10																	68
GARCIA, RODOLFO	0																	5
STEWART, DOUG	0																	18
TSANDES, JAMIE	10																	94
NEIL, ERIC	0																	135
SKOUSEN, MICHELLE	4																	7
DANNELLY, LEANN	6																	6
RIGGS, SETH	0																	71

UDOT Hours Derivation

Contract Number: NEW	Mod:		
Project Number: F-LC49(140)	PIN: 11977	UDOT Project Manager: Matthew Parker	
Project Location: Highland City; 10400 North Mitchell Hollow Trailhead			

	PD1	1Z1	1V1	1B1	1Q1	2Y1	3U2	3Y1	3V1	4A1	4A2	4R1	4R3	4Y1	5Y1	
Firm Activity Totals:	8	5	8	12	8	17	10	16	12	14	72	148	18	23	18	
Firm Activity Totals:	30															Total 419
Transaction Activity	8	5	8	12	8	17	10	16	12	14	72	148	18	23	18	
Totals:	30															Total 419

19535

State of Utah

Department of Transportation

Federal Aid Agreement for Local Agency Project CFDA No. 20.205	Highland City - Matthew Shipp	Maximum Project Value Authorized \$500,000
PIN Number 11977 FINET Number 54031 FMIS Number F009500	Project Number F-LC49(140) PIN Description Highland City; 10400 North Mitchell Hollow Trailhead	Agreement Number (Assigned By Comptrollers) 148304 Date Executed

This Agreement is entered into this ____ day of _____, 20____, by and between the Utah Department of Transportation ("UDOT") and **Highland City** ("Local Agency"), a political subdivision of the State of Utah.

The (City/County) has a project that will receive financing from federal-aid highway funds. The Project consists of **10400 North Mitchell Hollow Trailhead**, located at **Highland City** and identified as project number **F-LC49(140)**;

Pursuant to 23 CFR 635.105, UDOT has the responsibility to oversee the federal aid projects to ensure adequate supervision and inspection so the projects are completed in conformance with the approved plans and specifications, including compliance with all federal requirements;

In instances where UDOT does not have jurisdiction over the road where the Project is being performed, UDOT may arrange for the Local Governmental Agency with jurisdiction of the road to perform the work with its own forces or by contract; and

This Agreement describes the respective roles and requirements of UDOT and the City/County to ensure compliance with the federal requirements for the receipt of federal funding for the Project.

State Wide Transportation Improvement Program STIP 2013 - 2016

Fund*	Prior	2013	2014	2015	2016	Total	Fed Aid	State	Other	Pct
STP_ENH_EAC	\$0	\$500,000	\$0	\$0	\$0	\$500,000	\$400,000	\$0	\$100,000	20.00%
Total:	\$0	\$500,000	\$0	\$0	\$0	\$500,000	\$400,000	\$0	\$100,000	20.00%

AGREEMENT

Now, therefore, the parties agree as follows:

I. Description of the Project.

II. UDOT's Roles and Responsibilities on a Federally Funded Local Government Project as follows:

- A. Oversee compliance with federal and state regulations.
- B. Ensure transportation project oversight as outlined in 23 CFR.
- C. Assign a UDOT Project Manager to:
 - 1. Assist the Local Government Project Manager to monitor scope, schedule, budget, and help track expenditures during all phases of the project.
 - 2. Assist in project risk monitoring by reviewing and discussing identified risks and mitigation efforts.
 - 3. For projects approved through the Wasatch Front Regional Council (WFRC), assist in early coordination with UDOT's Environmental staff during preparation of the environmental document.
 - 4. Prepare and process the federal aid agreement before project initiation.
 - 5. Help administer consultant qualifications-based selection, negotiation of contract, and contracting process for all phases of the Project.
 - 6. Assist the local agency to process and approve Consultant Pay Requests.
 - 7. Coordinate and participate in design review meetings to ensure the federally-approved, UDOT design process is followed.
 - 8. Coordinate to ensure ongoing communication with the local project sponsor.
 - 9. Coordinate payment of local government matching, betterment or other funding to UDOT prior to project advertisement.
 - 10. Assist the Local Agency in preparing and executing Utility Reimbursement Agreements as required.
 - 11. Coordinate betterment items and finalize agreements prior to construction advertising.
 - 12. Assist with the federally-approved construction advertising and award processes.
 - 13. Coordinate with the Local Project Manager to review and recommend change orders for approval.
 - 14. Coordinate the UDOT project closeout process.

III. Local Agency Roles and Responsibilities on a Federally Funded Local Government Project.

The Local Agency shall manage the Project in compliance with federal and state laws and regulations. The Local Agency shall monitor the quality of work being performed on the Project and daily activities and issues with the consultants. For Class B and C roads, the Local Agency assumes responsibility for the design, construction quality and maintenance of the road.

- A. The Local Agency shall assign a representative to serve as the Local Project Manager to:
 - 1. Research, understand, and take responsibility for federal requirements by its acceptance of federal funds.
 - 2. Coordinate with the UDOT Project Manager concerning the funding.
 - 3. Committee (MPO's, etc.) for funding and expenditure time-frames, scope issues and delivery schedule.
 - 4. Manage the day-to-day activities of the Project as follows:
 - a. Consultant and professional services used on the Project.
 - b. The Local Agency shall recommend and approve consultant pay requests.
 - c. Project scope, schedule, budget, and quality.
 - d. Coordination of details, decisions and impacts with the local jurisdiction's community councils, commissions, legal counsel, department heads, political leads, engineering and public works departments, etc.
 - e. Coordination with the assigned UDOT Project Manager.
 - f. Project risk monitoring by reviewing and discussing identified risks and mitigation efforts.
 - g. Monitor project schedule and progress of all project tasks to ensure a timely delivery of the project.
 - h. Schedule discussion should be held in all preconstruction and construction project progress meeting.
 - i. Oversee project compliance with federal and state transportation project processes. These responsibilities include (but are not limited to):
 - 1) Participate in the federally approved consultant qualifications-based selection, negotiation of contract, and contracting process for all phases of the project.

- 2) Participate as the active lead in project team meetings as well as all field and plan reviews.
 - 3) Ensure NEPA Environmental clearances and approvals are obtained.
 - 4) Ensure current AASHTO, MUTCD, and UDOT design standards are met, or if not, ensure all design exceptions, waivers or deviations are obtained and have the necessary signatures in place.
 - 5) Ensure and certify that right of way acquisitions follow the federal Uniform Act and comply with state right of way acquisition policy, including rules, and meet all Project right of way commitments.
 - 6) Ensure construction standards and specifications are met.
 - 7) Oversee project construction management operations, progress, documentation and quality inspection to meet state and federal contract administration requirements.
- j. Coordinate with utilities to minimize project impacts and ensure needed relocations have the proper documentation, easements and agreements in place. The Local Agency shall provide to UDOT Region Utility Coordinator the Project utility certification prior to construction advertising.
 - k. Ensure required documentation is in place before submitting the advertising package to UDOT for advertising through its federally-approved process.
 - l. Coordinate with the UDOT Project Manager and Comptroller's Office to deposit the local match and betterment funds prior to advertising.
 - m. Approve the final advertising package and obtain local signature approval before proceeding to advertise.
 - n. Review the abstract of bids and recommend to the UDOT Project Manager award of the project.
 - o. Attend Construction Coordination meetings and coordinate with the Consultant Resident Engineer (RE).
 - p. Review all construction change orders for approval and submit them to UDOT Project Manager for review and processing.
 - q. Review the project budget for changes related to change orders, quantity overruns, incentives, fuel and asphalt adjustments, etc.
 - r. Ensure materials comply with the current UDOT Materials Testing and Acceptance Manual and the UDOT Minimum Sampling and Testing Requirements.
 - s. Assist to provide all documentation needed for construction project close out including Buy America certification.
 - t. Coordinate the project close out process by timely closing all open contracts and agreements.
 - u. Provide right of way certification verifying all required right of way has been purchased prior to advertising.

This list of roles and responsibilities is not comprehensive but describes the general roles of the Local Agency.

IV. Funding. Upon signing this agreement, the Local Agency agrees to pay its estimated matching share in phases when requested by UDOT. Phases typically include environmental, design, right of way and construction. The local match for this project is represented by the percentages of the Total Project Value shown below. In addition the Local Agency agrees to pay 100% of the overruns that exceed **\$500,000** and any ineligible costs when requested by UDOT.

All project costs not reimbursed by FHWA shall be the responsibility of the Local Agency. No costs are eligible for federal aid reimbursement until authorized by the FHWA through Form R-709, Request for Federal Aid Project Approval, separate from this Local Agency Agreement.

For the specific funding for the project, see page 1, Statewide Transportation Improvement Program (STIP).

UDOT will request payment of matching shares and overruns through an email that will be sent to **Matthew Shipp** at **MATT@HIGHLANDCITY.ORG** the Local Agency Contact. The Local Agency shall pay within 30 days after each payment request. The Local Agency shall make the check payable to the Utah Department of Transportation referencing the project number above and mail to UDOT Comptroller's Office, 4501 South 2700 West, Box 1415010, Salt Lake City, Utah 84114-1510.

The Local Agency shall be responsible for all costs associated with the project which are not reimbursed by the federal government. For a Joint Highway Committee project, the federal participation for construction engineering costs is limited to 20 percent of the construction contract costs.

Funds requested beyond the amount set forth will require execution of a Supplemental Financial Agreement.

If the project has cost overruns, the Local Agency shall pay the additional amount required within 30 days of receiving the invoice. Should the Local Agency fail to reimburse UDOT for costs that exceed the federal reimbursement, federal funding for other Local Agency projects or B&C road funds may be withheld until payment is made.

If the advanced amount exceeds the Local Agency's share of project cost, UDOT will return the amount of overpayment to the Local Agency upon financial closure of the project.

UDOT shall provide the Local Agency with a quarterly statement reflecting a cost summary of project costs.

V. Local Agency's Reimbursement Claims. The Local Agency shall bill UDOT for eligible federal aid project cost incurred after FHWA approval for authorization to proceed (form R709) and in conformity with applicable federal and state laws. Authorized Local Agency reimbursement claims should be submitted to UDOT Project Manager. Reimbursements to the Local Agency for right of way claims are classified as a pass-through of Federal funds from UDOT to the Local Agency. Expenditures by the Local Agency for general administration, supervision, and other overhead shall not be eligible for federal participation unless an indirect cost plan has been approved by the Federal government.

The Local Agency shall comply with 23 CFR Section 710.203 for FHWA reimbursement requests of real property acquisitions. A Local Agency shall not request reimbursement for excess acquisitions which are not eligible for FHWA reimbursement under 23 CFR Section 710.203 <http://www.gpoaccess.gov/cfr/retrieve.html>.

VI. Federal Aid Project Compliance. Local Agency shall comply with Title 23, USC, 23 CFR, Office of Management and Budget Circulars A-102, A-87 and A-133, policies and procedures promulgated by FHWA, UDOT Local Government and State Aid Project Guide, UDOT's Right of Way Operational Manual and the Federal Aid Project Agreement between UDOT and Federal Highway Administration concerning federal aid projects.

VII. Project Authorization for Federal Aid. The Local Agency, through UDOT, must obtain an Authorization to proceed from FHWA before beginning work on any federal aid project. Federal funds shall not participate in costs incurred prior to the date of authorization, except as provided by 23 CFR Section 1.9(b).

VIII. Liability. Local Agency agrees to hold harmless and indemnify UDOT, its officers, employees and agents (Indemnities) from and against all claims, suits and costs, including attorneys' fees for injury or damage of any kind, arising out of the Local Agency's negligent or intentional acts, errors or omissions in the performance of this Project, and from and against all claims, suits and costs, including attorneys' fees for injury or damage of any kind, arising out of Indemnities' failure to inspect, discover, correct, or otherwise address any defect, dangerous condition or other condition created by or resulting from Local Agency's negligent or intentional acts, errors or omissions in the performance of this Project.

Any periodic plan and specification review or construction inspection performed by UDOT arising out of the performance of the project does not relieve the Local Agency of its duty in the performance of this Project or to ensure compliance with acceptable standards.

IX. Single Audit Act. The Local Agency, as a sub-recipient of federal funds, shall adhere to the Federal Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, <http://www.whitehouse.gov/omb/circulars/a133/a133.html>. A sub-recipient who expends \$500,000 or more in federal awards from all sources during a given fiscal year shall have a single or program-specific audit performed for that year in accordance with the provision of OMB Circular A-133. Upon conclusion of the A-133 audit, the Local Agency shall be responsible for ensuring that a copy of the report is transmitted to the Utah Department of Transportation, Internal Audit, 4501 S 2700 W, Box 148230, Salt Lake City, Utah 84114-8230.

X. Maintenance. The Local Agency shall properly maintain and restore each type of roadway, structure and facility as nearly as possible in its original condition as constructed or improved in accordance with state and federal requirements.

XI. Utilities. The Local Agency shall notify and cooperate with utility companies having facilities in the project limits in accordance with Utah Code Section 54-3-29.

The Local Agency shall certify, in accordance with 23 CFR Section 645.107(c), that utility relocation reimbursements to be made in accordance with the provisions of 23 CFR Section 645.107(a) do not violate the terms of a use and occupancy agreement, or legal contract, between the utility and the Local Agency, or are solely for the purpose of implementing safety corrective measures to reduce the roadside hazards of utility facilities to the highway use as provided in 23 CFR Section 645.107(k).

The Local Agency shall determine reimbursement eligibility for identified relocations based on Local Agency Franchise Agreement or Ordinance. If not reimbursable, submit a written statement to UDOT that the Local Agency is "legally unable to reimburse the utilities" for relocation or protection work as part of the project. Utility relocations deemed to be reimbursable will be performed in accordance with 23 CFR Section 645, Utilities, Subpart A, and are subject to 23 CFR Section 635.410, Buy America Requirements.

In accordance with 23 CFR Section 645.209 (g), the Local Agency will provide a degree of protection to the highway that is equivalent to or more protective than Utah Administrative Rule 930-7, Utility Accommodation Rule.

XII. Availability of Records. For a period not less than three (3) years from the date of final project close out with federal government, the Local Agency accounting records pertaining to the federal aid project are to be kept available for inspection and audit by the state and federal government, or furnished upon request.

XIII. Right of Way. The Local Agency shall acquire all the required right of way for the Project in compliance with 23 CFR Section 710.309, 49 CFR Part 24 and UDOT Right of Way Operations Manual. The Local Agency shall use the right of way module in ePM for acquisitions. Once all the necessary right of way is acquired, the Local Agency shall obtain UDOT's certification. All the necessary right of way must be obtained before the project is advertised. No limitations concerning right of way shall be allowed. For UDOT right-of-way certifications required for advertising access the following: <http://www.udot.utah.gov/main/f?p=100:pg::::1:T,V:808.34728>.

For real property disposals the Local Agency shall comply with 23 CFR Sections 710.409 and 710.403. The Local Agency should have property management records, which identify inventories of real property considered excess to project needs. If a Local Agency determines that real property initially acquired as part of the project is declared excess and disposed of the Local Agency must comply with 23 CFR Sections 710.409 and 710.403. This requires that the Federal share of net income from the sale or lease of real property acquired with Federal assistance be used for Title 23 eligible projects. Refer to <http://www.gpoaccess.gov/cfr/retrieve.html> for additional information. The Local Agency shall deposit the net proceeds from the sale or lease with UDOT to be applied towards a Title 23 eligible project as authorized by the appropriate metropolitan planning organization or the Joint Highway Committee.

XIV. Change in Scope and Schedule. Local Agency recognizes that if a project scope changes from the original intent of the project application, the project will need to be re-evaluated by the responsible agency that programmed the project. Such a review may result in approval of the scope change, removal from the program, or adjustment in the federal aid funds programmed for the project.

Local Agency is responsible for the schedule of the project. If the project cannot progress as programmed, the responsible programming agency may advance other projects and require the project to wait for next available funding.

Any change orders required to meet the terms and conditions of the construction contract will be initiated by UDOT. UDOT will notify the Local Agency of any such change orders. At the Local Agency's request, UDOT will initiate change orders that cover betterments.

The Local Agency shall be responsible for 100% of the costs of all change orders on the Project not reimbursed by FHWA.

XV. UDOT Service Costs. UDOT may provide expertise in project management, contract preparation, design plan reviews, advertising, construction materials verification/certification, technical assistance, engineering services or other services as needed. Appropriate charges for these costs will be included in invoices to the Local Agency.

XVI. Additional Contracting Party. If the Local Agency desires to be an additional contracting party and an additional bondholder or obligee on the performance bond for Class B and C roads, a signed letter on official letterhead by the governing body of the Local Agency shall be an attachment to this Federal Aid Agreement. This provision applies only to federally funded projects and only on B and C roads.

XVII. Termination. This agreement may be terminated as follows:

1. By mutual agreement of the parties, in writing.
2. By either UDOT or the Local Agency for failure of the other party to fulfill their obligations as set forth in the provisions of this agreement. Thirty day written notice to terminate the Agreement will be provided to the other party describing the noncompliance of the Agreement. If the noncompliance is not remedied within the thirty day period, the Agreement shall terminate. However, if UDOT believes that the Local Agency is violating the Agreement that may result in harm to the public, inappropriate use of federal funds or if the Federal Highway Administration requests immediate termination, UDOT may terminate the Agreement without giving the thirty day notice.
3. By UDOT for the convenience of the state upon written notice to the Local Agency.
4. By UDOT, in the event that construction of the project for which this design engineering is undertaken is not started by the close of the fifth fiscal year following the fiscal year in which this agreement is executed.

In the event of termination, the Local Agency shall pay all of UDOT's costs regardless of whether the Project is constructed.

XVIII. Miscellaneous.

1. This Agreement cannot be altered or amended, except pursuant to an instrument in writing signed by each of the parties.
2. If any term or provision of this Agreement or application to any person or circumstance shall, to any extent, be invalid or unenforceable, then the remainder of this Agreement shall not be affected and each term, condition and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law, so long as removing the severed portion does not materially alter the overall intent of this Agreement.
3. The failure of a party to insist upon strict performance of any provisions of this Agreement shall be construed as a waiver for future purposes with respect to any such provision or portion. No provision of this Agreement shall be waived unless such waiver is in writing and signed by the party alleged to have waived its rights.
4. Each undersigned represents and warrants that each has been duly authorized for all necessary action, as appropriate, to execute this Agreement for and on behalf of the respective parties
5. The parties shall not, by this Agreement nor by any act of either party, be deemed principal and agent, limited or general partners, joint ventures or to have any other similar relationship to each other in the conduct of their entities.

XIX. Content Review

Language content was reviewed and approved by the Utah AG's office on March 20, 2013.

GENERAL (FHWA) PROVISIONS FOR FEDERAL-AID AGREEMENT

1. **General Provisions:** The Grantee will comply with all Federal laws and requirements which are applicable to grant agreements, and imposed by the Federal Highway Administration (FHWA) concerning special requirements of law, program requirements, and other administrative requirements.
2. **Modification:** This agreement may be amended at any time by a written modification properly executed by both the FHWA and the Grantee.
3. **Retention and Custodial for Records:**
 - (a) Financial records, supporting documents, statistical records, and all other records pertinent to this instrument shall be retained for a period of three (3) years, with the following exception:
 - (1) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigation claims, or audit findings involving the records have been resolved.
 - (2) Records for non-expendable property, if any, required with Federal funds shall be retained for three years after its final disposition.
 - (3) When records are transferred to or maintained by FHWA, the 3-year retention requirement is not applicable to the recipient.
 - (b) The retention period starts from the date of the submission of the final expenditure report.
 - (c) The Secretary of Transportation and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any pertinent books, documents, papers, and records of the recipient, and its contractors and subcontractors, to make audits, examinations, excerpts, and transcripts.
4. **Equal Employment Opportunity:**
 - (a) The application/recipient agrees to incorporate in all contracts having a value of over \$10,000, the provisions requiring compliance with Executive Order 11246, as amended, and implementing regulations of the United States Department of Labor at 41 CFR 60, the provisions of which, other than the standard EEO clause and applicable goals for employment of minorities and women, may be incorporated by reference.
 - (b) The application/recipient agrees to ensure that its contractors and subcontractors, regardless of tier, awarding contracts and/or issuing purchase orders for material, supplies, or equipment over \$10,000 in value will incorporate the required EEO provisions in such contracts and purchase orders.
 - (c) The applicant/recipient further agrees that its own employment policies and practices will be without discrimination based on race, color, religion, sex, national origin, handicap or age; and that it has or will develop and submit to FHWA by August 1 an affirmative action plan consistent with the Uniform Guidelines on Employee Selection Procedures, 29 CFR 1607, and the Affirmative Action Guidelines, 29 CFR 1608.
5. **Copeland Act:** All contracts in excess of \$2,000 for construction or repair awarded by recipient and its contractors or subcontractors shall include a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). This act provides that each contractor or subcontractor shall be prohibited from inducing, by any means, and person employed in the construction, completion, or repair of public work, or give up any part of the compensation to which he is otherwise entitled. The recipient shall report all suspected or reported violations to FHWA.
6. **Davis-Bacon Act:** When required by the Federal program legislation, all construction contracts awarded by the recipient and its contractors or subcontractors of more than \$2,000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR, Part 5). Under this act, contractors shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week. The recipient shall place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. The recipient shall report all suspected or reported violations to the G/CAO.
7. **Contract Work Hours and Safety Standards Act:** Where applicable, all contracts awarded by recipient in excess of \$2,500 that involve the employment of mechanics or laborers, shall include a provision for compliance with sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulation (29 CFR, Part 5). Under section 103 of the Act, each contractor shall be required to compute the wages or every mechanic and laborer on the basis of a standard workday of 8 hours and a standard workweek of 40 hours. Work in excess of the standard workday or workweek is permissible provided that the worker is compensated at a rate of not less than 1-2 times the basic rate of pay for all hours worked in excess of 8 hours in any calendar day or 40 hours in the workweek. Section 107 of the Act if applicable to construction work provides that no laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to his health and safety as determined under construction safety and health standards promulgated by the Secretary of Labor. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.
8. **Access to Records:** All negotiated contracts (except those of \$10,000 or less) awarded by recipients shall include a provision to the effect that the recipient, FHWA, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers and records of the contractor which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts, and transcriptions.
9. **Civil Rights Act:** The recipient shall comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352), and in accordance with Title VI of that Act, no person in the United States shall on the ground of race, color, or national origin, be excluded from participation in, be denied that benefits of, or be otherwise subjected to discrimination under any program or activity for which the recipient received Federal financial assistance and shall immediately take any measures necessary to effectuate this Agreement. It shall comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) prohibiting employment discrimination where:
 - (a) The primary purpose of and instrument is to provide employment, or
 - (b) Discriminatory employment practices will result in unequal treatment of persons who are or should be benefitting from the grant-aided activity.
10. **Nondiscrimination:** The applicant/recipient hereby agrees that, as a condition to receiving any Federal financial assistance from the Department of Transportation, it will comply with Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. 2000d), related nondiscrimination statutes, and applicable regulatory requirements to the end that no person in the United States shall, on the grounds of race, color, national origin, sex, handicap or age, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity for which the applicant/recipient receives Federal financial assistance. The specific requirements of the United States Department of Transportation standard Civil Rights assurances with regard to the States' highway safety programs (required by 49 CFR 21.7 and on file with the U.S. DOT) are incorporated in this grant agreement.
11. **Rehabilitation Act:** The recipient shall comply with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794, P.L. 93-112), and all requirements imposed by or pursuant to the regulations of the Department of Health, Education, and Welfare (45 CFR, Parts 80, 81, and 84), promulgated under the foregoing statute. It agrees that, in accordance with the foregoing requirements, no otherwise qualified handicapped person, by reason of handicap, shall be excluded from participation in, be denied the benefit of, or be subjected to discrimination under any program or activity receiving Federal financial assistance, and that it shall take any measures necessary to effectuate this Agreement.

- 12. **Government Rights (Unlimited):** FHWA shall have unlimited rights for the benefit of the Government in all other work developed in the performance of this Agreement, including the right to use same on any other Government work without additional cost to FHWA.
- 13. Accountability of equipment acquired in prior years will be transferred to the current year Grant. An updated inventory list will be provided by FHWA.
- 14. This Grant is subject to the conditions specified in the enclosed Negotiation Document.
- 15. **Drug-Free Workplace:** By signing this agreement, the recipient certifies that it is in compliance with the Drug-Free Workplace Act (41 U.S.C. Sec. 701 et seq.) And implementing regulations (49 CFR Part 29), which require, in part, that grantees prohibit drug use in the workplace, notify the FHWA of employee convictions for violations of criminal drug laws occurring in the workplace, and take appropriate personnel action against a convicted employee or require the employee to participate in a drug abuse assistance program.
- 16. **Limitation on Use of Federal Funds for Lobbying for Grants in Excess of \$100,000:** By signing this agreement the recipient declares that it is in compliance with 31 U.S.C. Sec. 1352, which prohibits the use of Federally appropriated funds to influence a Federal employee, officer, or Member of Congress in connection with the making or modification of any Federal grant, loan, contract, or cooperative agreement. Unless the payment of funds is otherwise reported to FHWA, signing this agreement constitutes a declaration that no funds, including funds not Federally appropriated, were used or agreed to be used to influence this grant. Recipients of subgrants in excess of \$100,000 must make the same declarations to the grant recipient. With respect to the payment of funds not Federally appropriated by the recipient and sub-recipients, the recipient must report to the FHWA the name and address of each person paid or performing services for which payment is made, the amount paid, and the activity for which the person was paid.

50036.2-M-34b

Form FHWA-1273 (Rev. 3-94)

LOCAL AGENCY

Utah Department of Transportation

By Highland City Official
Lynn J. Ritchie
 Date 9/19/13
 Mayor Lynn Ritchie

By Region Director
Dwight Allen
 Date 10/8/13

UDOT Comptroller
 By Comptroller's Office
Cherise Young
 Date 10-17-13



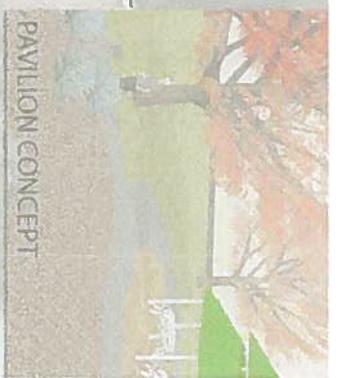
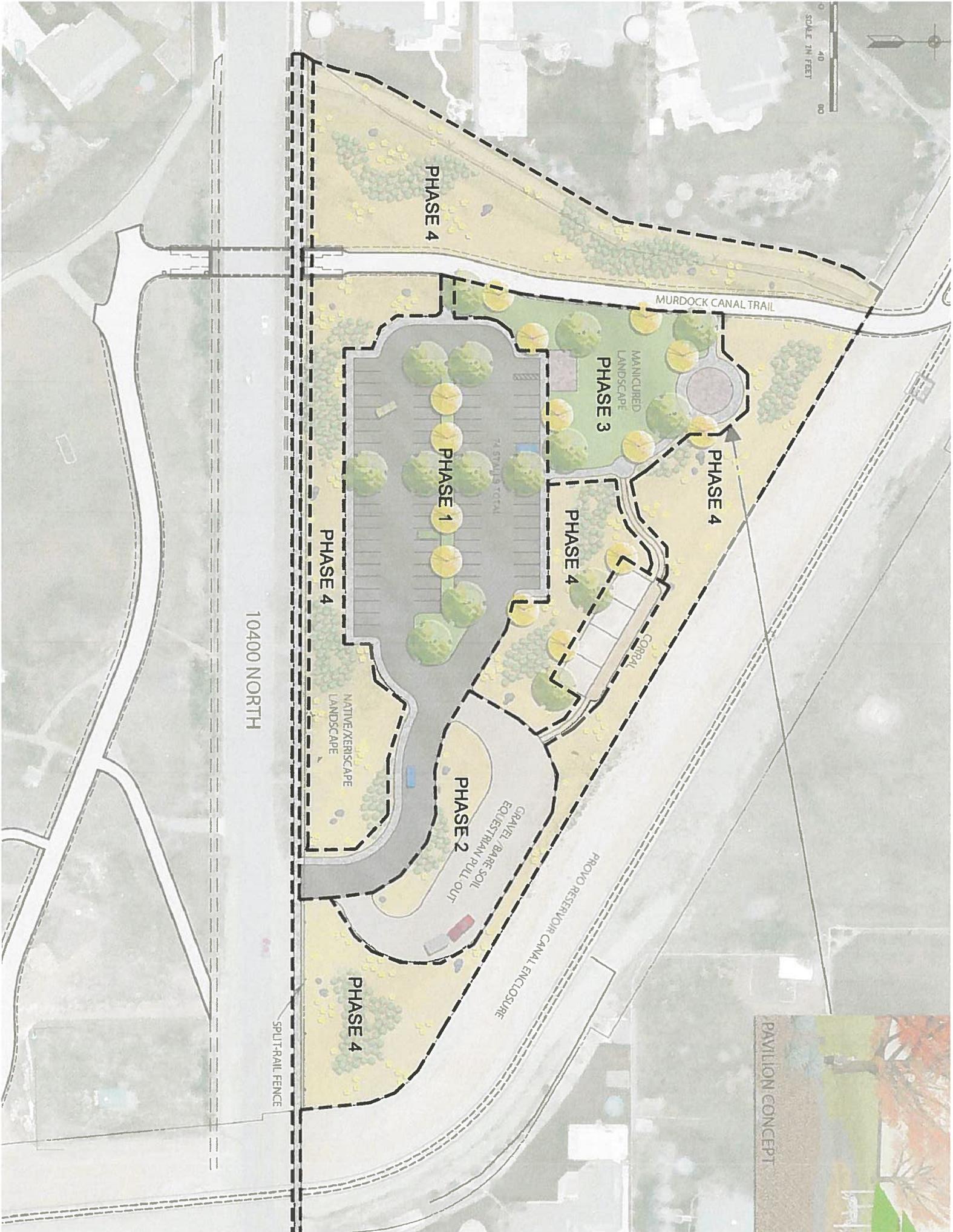
Previous Crossing on SR-92

Proposed Project Site



Mitchell Hollow Park

SCALE IN FEET
0 40 80



HIGHLAND CITY CITY COUNCIL MEETING JANUARY 7, 2014			
REQUEST:	MOTION: Approval of a Contract with Highland Town Plaza, LLC (WPI) for the purchase 0.36 acres and a 0.178 acre easement. The site is known as the Highland Water Company Building.		
APPLICANT:	Highland City Council and WPI		
FISCAL IMPACT:	Increase in sales and property tax revenues. Required expenditure to replace existing lawn maintenance equipment storage.		
GENERAL PLAN DESIGNATION	CURRENT ZONE	ACREAGE	LOCATION
Mixed Use	Town Center Commercial Retail	0.36	East of the southeast corner of 5600 West and Timpanogos Highway (SR92)

PRIOR REVIEW:

The City Council discussed this item at their January 7, 2014 meeting. The Council directed staff to modify the terms of closing. This report has been modified to discuss the contract only. As directed by the Council, discussion on future sites will continue in February/March. The terms have been modified to allow up to two years for the City to locate and build a replacement storage building. The closing terms are as follows:

“13. **Closing.** Provided that all of the parties’ respective obligations under this Agreement have been timely complied with, and that all of the conditions of this Agreement have been satisfied prior to the date of closing (the “*Closing Date*”), the closing (the “*Closing*”) of this transaction shall take place at the offices of the Title Company at such time, and on such business day, as reasonably may be specified by Seller upon five (5) days prior notice to Buyer that Sellers replacement storage building is complete; provided, however, that Closing shall occur, if at all, on or before December 31st 2014. Seller may have the option to extend the contract based on the inability to complete the replacement storage building for up to two periods of six months each, in which case the Closing shall occur no later than December 31st, 2015.”

The City Council discussed this item at their December 6, 2013 meeting. The Council directed staff to address the wellhead protection regulations and location and cost for the replacement building. Potential locations for replacement facility were discussed at the November 7, 2012 City Council meeting.

The existing building does not have electricity, heating or utilities. It is used to store lawn mowers and other lawn maintenance equipment.

Wellhead Protection

Staff and the applicant have contacted the State Division of Water Quality. Retention for the site was completed during the construction of the overall site plan. As a result, no additional improvements relating to wellhead protection are required. The City Engineer, City Attorney and State Division of Water Quality have determined that the overall site plan meets state and city regulations as constructed.

Replacement Building Costs

Exact building costs cannot be determined until a site is chosen and a site plan approved by the Council, however a general estimate can be calculated. Funding to relocate the building could come from exaction fees previously collected. Currently, there is \$253,418.27 in this account.

Staff has received two quotes for the construction of a 4,000 square foot metal storage building. The building would have 16 foot walls, two overhead doors, one service door, electrical and heating. Estimated costs are as follows:

- Building and installation \$130,000 to \$150,000
- Utilities to the site \$6,000 to \$8,000
- Site preparation \$10,000 to \$15,000
- Total: \$146,000 to \$166,000

The following items are site specific and not included. Once a site is selected by the Council, a site plan will be prepared and these costs identified.

- Enhanced architectural design
- Other site improvements (landscaping, walls, etc.)

Staff believes that once the site is selected, neighborhood input should be sought on the design of the site if applicable.

Location

The Council will need to choose the specific site for the relocation. Staff believes that once the site is selected, neighborhood input should be sought. The contract includes a provision that allows the City up to one year to continue to use the existing building which is sufficient time to construct a new storage building.

Debt Reduction

The City currently owes WPI \$637,834.95 for the cost of infrastructure improvements in the Highland Town Center. These monies are collected through the exaction fee charges. The proposed purchase price of \$300,000 will reduce the amount of money owed to WPI to \$337,834.95. Once the exaction fees owed for the overall site and the purchased property are subtracted from the amount owed to WPI, the exaction fees owed by the City would be further reduced to \$121,559.55.

BACKGROUND:

The City Council held a public hearing on July 17, 2013 and a public meeting on October 2, 2012 and adopted Resolution R-2012-15 declaring 0.538 acres for disposal (Attachments A and B). The site is the current location of the Highland Water Company building. In addition, the Council adopted Resolution R-2012-16 stating that fifty percent of the property and sales tax generated from the development of the 3.0 acre retail center (Meier's Meats and Fine Foods) would be allocated to the culinary water fund until such time as the cost of the Highland Water Company property (0.538 acres) and building have been reimbursed (Attachment C).

An appraisal of the property was completed in July of 2012. The appraised value of the property was \$12.10 per square foot.

In December 2004, the City Council approved a site plan for the development of a 3.0 acre shopping center. The property was incorporated into the approved site plan. Meiers Meats and Fine Foods is the anchor of the development. The site also included three pads totaling an additional ± 11,600 square feet of retail/commercial space (Attachment C). Users and construction time frames for the pads have not been identified. The property will be developed by WPI.

The site has been planned and zoned for future commercial use as shown on the General Plan and Zoning Maps.

DISCUSSION:

1. Approval of the contract will complete the previous Council actions. Due to the pending completion of Meier's, in mid-November, WPI approached staff requesting approval of a contract to purchase the 0.36 acres of property. In addition, an access easement is proposed on 0.178 acres (Attachment F) of property in which the City will retain ownership. This is being done to address UDOT access requirements. The easement does not reduce the purchase price discussed in October of 2012. The easement will be for access and landscaping.
2. The proposed purchase price of the property is \$300,000 which is \$12.80 per square foot including the easement and \$19.13 per square foot excluding the easement. The terms of the contract include:
 - Compliance with the City and State wellhead protection regulations.
 - An allowance of up to one year is allowed for storage of the City's equipment.
 - Buyer will be responsible for all costs associated with any City utility line relocations (water, sewer, storm drain, pressurized irrigation, etc).
 - An easement is provided for access to the City's well site.
 - City administrative approval of the site design is required.
3. Under the previously approved resolution, that fifty percent of the property and sales tax generated from the development of the 3.0 acre retail center will be allocated to the culinary water fund until such time as the cost of the property and building have been reimbursed.

RECOMMENDATION AND PROPOSED MOTIONS:

I move that the City Council **APPROVE OR DENY** the contract.

ATTACHMENTS:

- Attachment A – Summary Minutes of the July 17, 2012 and October 2, 2012 City Council Meetings
- Attachment B – Resolution R-2012-15 Declaring Surplus Property for the Purposes of Disposal
- Attachment C – Resolution R-2012-16 Allocating Future Sales and Property Tax Revenue to the Culinary Water Fund
- Attachment D – Approved Site Plan
- Attachment E – Proposed Real Estate Purchase Contract
- Attachment F – Parcel Configuration

- Attachment G – Summary Minutes of the November 7, 2012 City Council Meeting
- Attachment H – WPI Exaction Fee Summary
- Attachment I – General Plan and Future Land Use Map

**EXCERPT HIGHLAND CITY COUNCIL MINUTES
RELATING TO THE PURCHASING OF THE HIGHLAND WATER COMPANY BY WPI**

July 17, 2012 City Council Meeting

PRESENT: Mayor Lynn V. Ritchie
Councilmember Brian Braithwaite
Councilmember Tom Butler
Councilmember Tim Irwin
Councilmember Jessie Schoenfeld
Councilmember Scott L. Smith

PUBLIC HEARING AND RESOLUTION – Declaring Surplus Property for the Purposes of Disposal (0.54 acres located east of the southeast corner of 5600 West and Timpanogos Highway) (Agenda Item 7)

John Park outlined a request that the City Council declare the property as surplus, hold a public hearing, and authorize disposal of 0.54 acres of land located east of the southeast corner of 5600 West and Timpanogos Highway. The property was acquired when the City purchased the Highland Water Company. There is an existing building on the property which is used for storage of park maintenance equipment. There are no utilities other than culinary water that serve the building. The city is required to receive fair market value for the property. An appraisal of the property was completed in July of 2012. The appraised value of the property is \$12.10 per square foot. John Park indicated the City Council can change its mind at a later date if it determines not to get rid of the property. He noted the City is required to get fair market value for the property under State law. He stated the City Council could adjourn to a closed session to discuss the matter.

****Mayor Ritchie opened the public hearing at 10:11 p.m.****

David Checkette asked where the equipment that was currently stored in the building would go. John Park stated that would have to be a big consideration before the property was surplus.

Mark Thompson said the City Council keeps doing this kind of stuff and saying it will make a little money. He thinks the building should be kept and the history of the Highland Water Company should be written there. He asked if the City Council is really going to be able to replace the storage facility with the amount of money it would get. He noted there are many

utilities running through there. He stated the City has an obligation to put money from the sale back into the water fund based on agreements from the sale of the Highland Water Company. He stated the very money that should be sitting in the water fund to ensure a years operating cost for the drinking water system gets syphoned off somewhere else, such as the \$1 million that was generated from the gravel pit. He does not feel this situation has integrity. When the water company was transferred to the City it was determined resources would be kept in the drinking water system so rates would not have to be raised.

****Mayor Ritchie closed the public hearing at 10:14 p.m.****

Brian Braithwaite agreed the building is full of storage and finding a new location and costs would need to be addressed. Based on the information he has currently, he does not think it makes sense to move the equipment. He stated the funds should go right back into the water fund.

Mayor Ritchie noted the gravel pit money did go into the Pressurized Irrigation fund and financed operations for approximately two years. He is not sure it has been determined where this money would go. John Park said this situation is very complicated.

Mr. Thompson said it was never anticipated that the funding would go into the Pressurized Irrigation fund or any water service. He understood the discussion to be that the assets of the company at the time it was turned over would go to maintain a low cost drinking water system.

Mayor Ritchie agreed, stating he made that comment in a meeting held at the Jr. High.

Tom Butler asked what is stored in the building and if Mark Thompson would provide a brief history of the water company and its transfer.

Matt Shipp indicated the building stores mostly lawn maintenance equipment and a generator set. There is not adequate storage in other City buildings and another structure would have to be built if this building were sold.

Mark Thompson stated for a number of years there was talk about consolidation of facilities and equipment. The HWC building itself it was the most centrally located area to build on that was already industrial in nature because of the substation there. The water company has a building on 5600 West, however it was being used by the fire department for office space until a new fire department could be built. Therefore the building along SR-92 was built. He does not see how the sale could generate enough money to justify tearing it down. He said the cell towers in the areas have to be addressed as well as source protection. He does not see the value of it.

MOTION: Tom Butler moved to continue the item so that it could be discussed in executive session. Scott Smith seconded the motion. Those voting aye: Brian W. Braithwaite, Tom Butler, Tim Irwin, Jessie Schoenfeld, and Scott Smith. The motion passed with a unanimous vote.

October 2, 2012 City Council Meeting

PRESENT: Mayor Lynn V. Ritchie
Councilmember Brian Braithwaite
Councilmember Tom Butler
Councilmember Tim Irwin
Councilmember Jessie Schoenfeld
Councilmember Scott L. Smith

RESOLUTION 2012-15: Declaring Surplus Property for the Purposes of Disposal (0.54 acres of land located east of the southeast corner of 5600 West and Timpanogos Highway).

RESOLUTION 2012-16: Allocating Future Sales Tax Revenue to the Culinary Water Fund

Chapter 2.44 Disposal of Real Public Property of the Municipal Code regulates the disposal of property. The first step in the process is for the City Council to declare the property surplus by resolution. Once the property has been declared as surplus, the City Council must hold a public hearing. Notice of the public hearing has to be provided in the newspaper and City Utility Newsletter. An appraisal of the property is also required. After the public hearing and appraisal the property may be sold through public auction, bid, Utah State Division of Surplus Property or other method designed in the best interest of City residents and produce a fair return.

A public hearing was held on this item on August 7, 2012. Staff is requesting that the City Council declare the property as surplus, and authorize disposal of 0.54 acres of land located east of the southeast corner of 5600 West and Timpanogos Highway. The property was acquired when the City purchased the Highland Water Company. There is an existing building on the property which is used for storage of park maintenance equipment. There are no utilities other than culinary water that serve the building.

The city is required to receive fair market value for the property. An appraisal of the property was completed in July of 2012. The appraised value of the property is \$12.10 per square foot.

The site was acquired with the purchase of the Highland Water Company. If the property is sold the sale price will be offset by the cost to build sites for the storage of park and other

maintenance equipment. As a result, staff is proposing to allocate fifty percent of the sales tax revenue generated to the culinary water fund until the purchase price of the site is recouped if the property is sold and developed for a retail use. Staff is also proposing that the site include the 2.52 acres currently owned by Highland Town Plaza located immediately east of the property to be sold. This will decrease the amount of time needed to reimburse the Culinary Water Fund.

Brian Braithwaite indicated he talked with Department of Drinking Water trying to get up to speed on rules and regulations. The City has a source protection plan in place. He asked if the City had to become a chlorinated facility how it would function. The State indicated it would be difficult because systems are feeding together, etc.

Discussion took place about well protection zones and source protection.

Brian Braithwaite stated his neighbor Ed Bunker has had a landscaping business for years and he asked about trailering vs. storing equipment. He didn't seem to think there was much sense in creating storage areas because the trailering will occur anyway and it makes more sense to him to have it centrally located. He asked why it would be better to do away with the storage area.

Matt Shipp stated there is less road time on the heavy equipment when stored at buildings. The big mowers are meant to drive on grass. They are ridden to locations and not loaded up. He stated there still could be some trailering but the idea is to put equipment in some of the areas that are centrally located to larger parks. He stated if the City Council doesn't want to proceed that way he is not married to the idea.

John Park stated this should not be an issue for this discussion on the surplus property. The issue should be what is the highest and best use of this property?

Scott Smith said this area is a gateway of the city and the change would beautify the area. As long as they make sure the culinary water fund is reimbursed he is supportive. He stated the Highland Water building probably doesn't give the City the face it wants for Highland. People are interested in economic development and have said to keep the commercial development in the Town Center. This would do that.

Tom Butler asked John Park to review the property lines and layout of the building. He also asked about the landscaping setback. John Park said that is something they would work with the developer on because they would prefer to not have landscaping there.

Brian Braithwaite asked the position of the Water Board. John Park stated he does not think it is a water board issue as long as the wellhead is protected. Brian Braithwaite stated part of his

issue is that he is not an expert and he is having to do a lot of research on the issue and the water board has a lot of expertise on this issue. He does not even know all the questions to ask. He would like a recommendation from people that have expertise on the issue. He asked why the Board exists if it's not to get advice on things like this.

Mayor Ritchie asked Mark Thompson if this was discussed at the last water board meeting. Mr. Thompson stated there was no recommendation given. He noted the property to the East there was an agreement signed on that property in the beginning. Mark Thompson stated the City is amending the plan that was submitted to the State. The plan is revisited and he really thinks they need to be advised.

Brian Braithwaite noted the sales tax revenue is estimated at \$90,000 per year for the entire site.

MOTION: Scott Smith moved to adopt Resolution 2012-15: Declaring property surplus and authorizing disposal as long as the plan meets the 100 foot radius, and maintains the agreement with UP&L and the State Water Resources. Jessie Schoenfeld seconded the motion.

MOTION TO AMEND: Brian Braithwaite moved to amend the motion to make approval contingent on satisfactory approval from the Water Board. If the Water Board is not favorable the issue will come back before the City Council. The motion died for lack of a second.

John Park stated the original motion is to surplus the property and the City Council will have to agree to a contract in the future at which time those details will be ferretted out.

Scott Smith said this has been a good building and an integral part of the water company. If through the process, the City follows the agreements he has a hard time understanding why a nice commercial building would be more of a detriment than a maintenance building that houses equipment with gasoline, etc. He stated he has been impressed with things that have been designed and worked through with Mr. Crane.

Tim Irwin stated the costs of the buildings tend to get exaggerated. The \$300,000 concerns him a bit. John Park stated staff has thought about that a lot but there are a lot of variables. It will depend on the design standards and location.

Brian Braithwaite expressed concern that the City does not have a clear plan on what this will be or where it is going. He said he does not disagree with Scott Smith's statement if it is better for the property he has no problem. He disagrees that the Water Board shouldn't be used and thinks that there is their function.

Tim Irwin stated he thinks he understood from Mark Thompson that the Board didn't seem to have a concern. Mark Thompson said one of the concerns in the April meeting was buying additional property around the well sites because of the possibility of chlorinating water in the future. Matt Shipp stated the comment was made relative to the lower zone. He said the main concern it just to reaffirm to the State that the plan is being altered from what was originally submitted.

Mayor Ritchie repeated the question on whether the Board had any concerns beyond the State agreement. Mr. Thompson stated the other comments were not significant much

John Park reiterated this is simply the process to surplus. Any final items would be a part of the contract. The City has already talked to one developer that is interested and would meet all the requirements from State and local authorities.

Scott Smith called the question.

Tom Butler stated he had more questions. He asked specifics of mixing chlorine. Tom Butler said the property to the South is all owned by Toscana and John Park agreed. Tom Butler asked how many square feet would be necessary to house equipment. Matt Shipp stated the whole thing is full, so the same amount would be needed for storage which is approximately 3,800 square feet. Tom Butler asked how much space could be used in the building along 5600 West or the building at the mouth of the canyon. Matt Shipp stated the 5600 West building does not have room, and there would be a lot of shuffling to put the equipment in two bays at the shop as a temporary solution.

Tom Butler asked if it is feasible to hold back a little bit on the width. John Park stated Westfield has agreed to work with the City and may not need the whole width. Tom Butler reiterated that whatever contract would be done would be subject to State approval. John Park concurred and added the City Council would approve as well.

Mayor Ritchie called for a vote on the motion. Those voting aye: Tom Butler, Tim Irwin, Jessie Schoenfeld, and Scott Smith. Those voting nay: Brian Braithwaite. The motion carried with a majority vote of 4:1.

****Mayor Ritchie recessed the meeting at 9:30 p.m. The meeting reconvened at 9:45 p.m.****

Mayor Ritchie indicated the resolution on the sales tax would be discussed.

Scott Smith stated it is critically important to uphold this understanding whether it was a written agreement or not. He asked if the formula should be changed.

General discussion took place about the water fund reimbursement from sales tax. Brian Braithwaite stated he thinks seven years is reasonable considering it is the best guess. After further discussion consensus was to contribute both property tax and sales tax at 50%. Lynn Ruff stated it is an accounting nightmare but it could be done. The City just have to remember to compute the city's portion. He said the sales tax portion is really easy to do, it's the sales tax part that is complicated.

MOTION: Tim Irwin moved to adopt Resolution 2012-16: Allocating Future Sales Tax Revenue and Property Tax Revenue to the Culinary Water Fund with 50% of the sales tax revenue and 50% of the property tax on this total development as outlined on Exhibit A of the Resolution, until the amount due the water fund on sale of the building is paid off. Brian Braithwaite seconded the motion.

John Park asked if the City Council wants the City to pay the increase on property tax. It was clarified it is 50% of the total, whatever that is.

Those voting aye: Brian W. Braithwaite, Tom Butler, Tim Irwin, Jessie Schoenfeld, and Scott Smith. The motion passed with a unanimous vote.

RESOLUTION NO. R-2012-15**A RESOLUTION OF HIGHLAND CITY, UTAH
DECLARING SURPLUS PROPERTY FOR THE
PURPOSES OF DISPOSAL**

WHEREAS, the Highland City Council and Utah Code has established a process of disposing of surplus property, and

WHEREAS, the Highland City Council has been made aware of real property located east of the southeast corner of 5600 West and Timpanogos Highway (SR92) that is no longer needed for City purposes.

NOW, THEREFORE be it resolved by the City Council of Highland City that the REAL PROPERTY located East of the southeast corner of 5600 West and Timpanogos Highway (SR92), specifically outlined and incorporated as Exhibit "A" is hereby declared surplus property and the City Council hereby authorizes the City Administrator to dispose of the above-mentioned property following State Code and City policy.

This resolution shall take effect immediately upon passage.

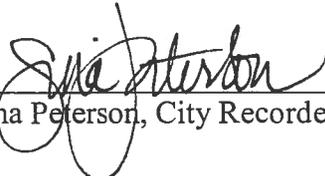
ADOPTED by the City Council of Highland City, Utah, this 2nd day of October 2012.



HIGHLAND CITY, UTAH


Lynn V. Ritchie, Mayor

ATTEST:


Gina Peterson, City Recorder

COUNCILMEMBERS VOTING "AYE"

Tom Butler

Tim Irwin

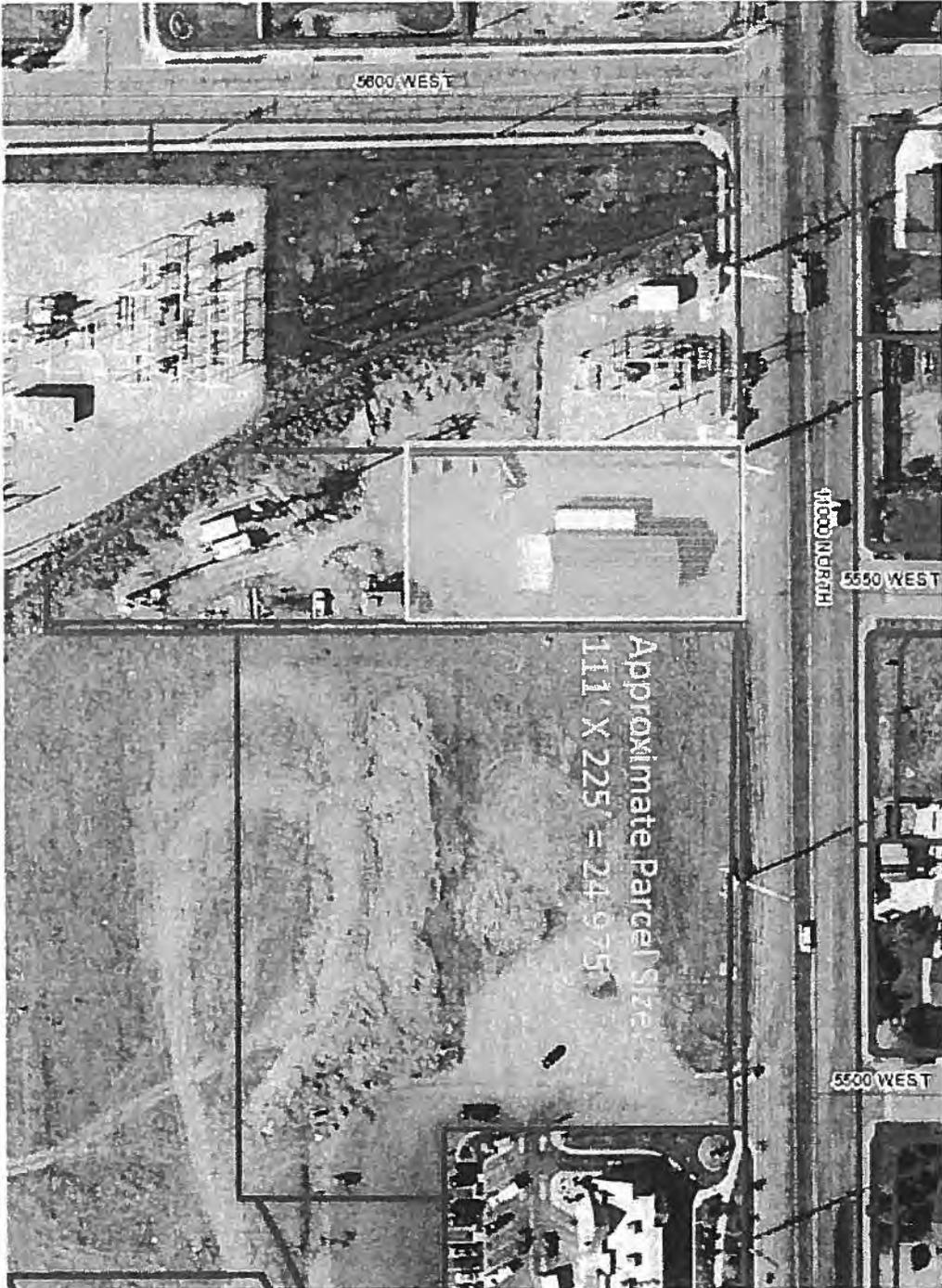
Jessie Schoenfeld

Scott L. Smith

COUNCILMEMBERS VOTING "NAY"

Brian Braithwaite

EXHIBIT A



RESOLUTION NO. R-2012-16

**A RESOLUTION OF HIGHLAND CITY, UTAH
ALLOCATING FUTURE SALES TAX REVENUE TO THE CULINARY WATER FUND**

WHEREAS, the Highland City Council purchased real property as part of the Highland Water Company generally located at east of the southeast corner of 5600 West and Timpanogos Highway (SR92) and;

WHEREAS, the Highland City Council has been made aware that the property is no longer needed for City purposes and;

WHEREAS, the Highland City Council wishes to sell the property to facilitate future retail development which will generate additional sales and property tax revenue and;

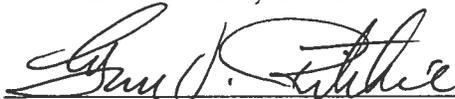
WHEREAS, the Highland City Council wishes to reimburse the culinary water fund for the purchase property of the site and existing building.

NOW, THEREFORE be it resolved by the City Council of Highland City that fifty percent of the future sales tax revenue and future property tax revenue generated from the site (as shown on Exhibit A) will be allocated to the Culinary Water Fund until such time as the cost of the property and building have been reimbursed if the property is sold and developed for retail development.

This resolution shall take effect immediately upon passage.

ADOPTED by the City Council of Highland City, Utah, this 2nd day of October 2012.

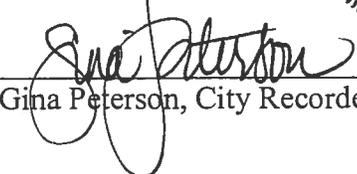
HIGHLAND CITY, UTAH



Lynn V. Ritchie, Mayor



ATTEST:



Gina Peterson, City Recorder

COUNCILMEMBERS VOTING "AYE"

Brian Braithwaite

Tom Butler

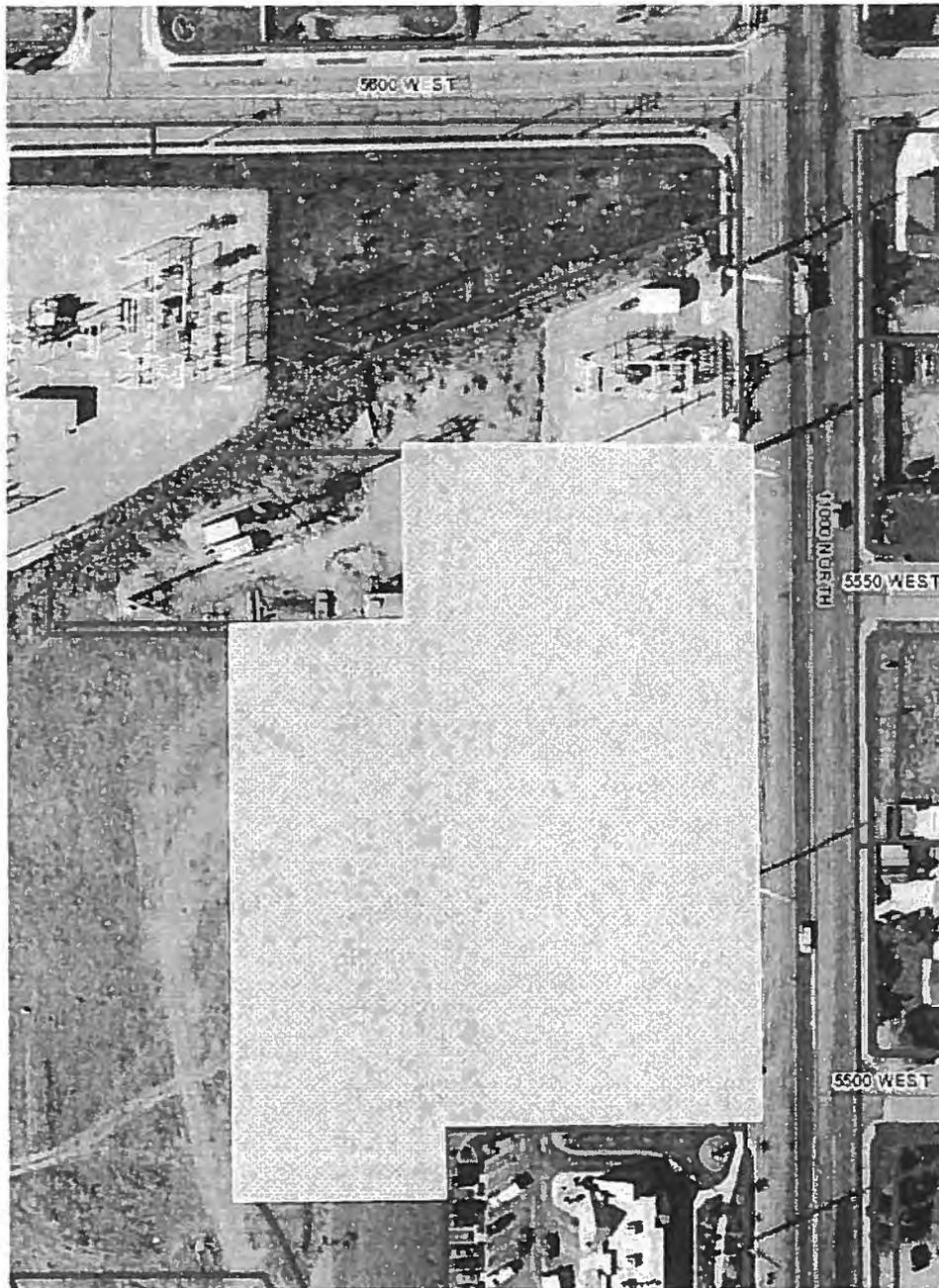
Tim Irwin

Jessie Schoenfeld

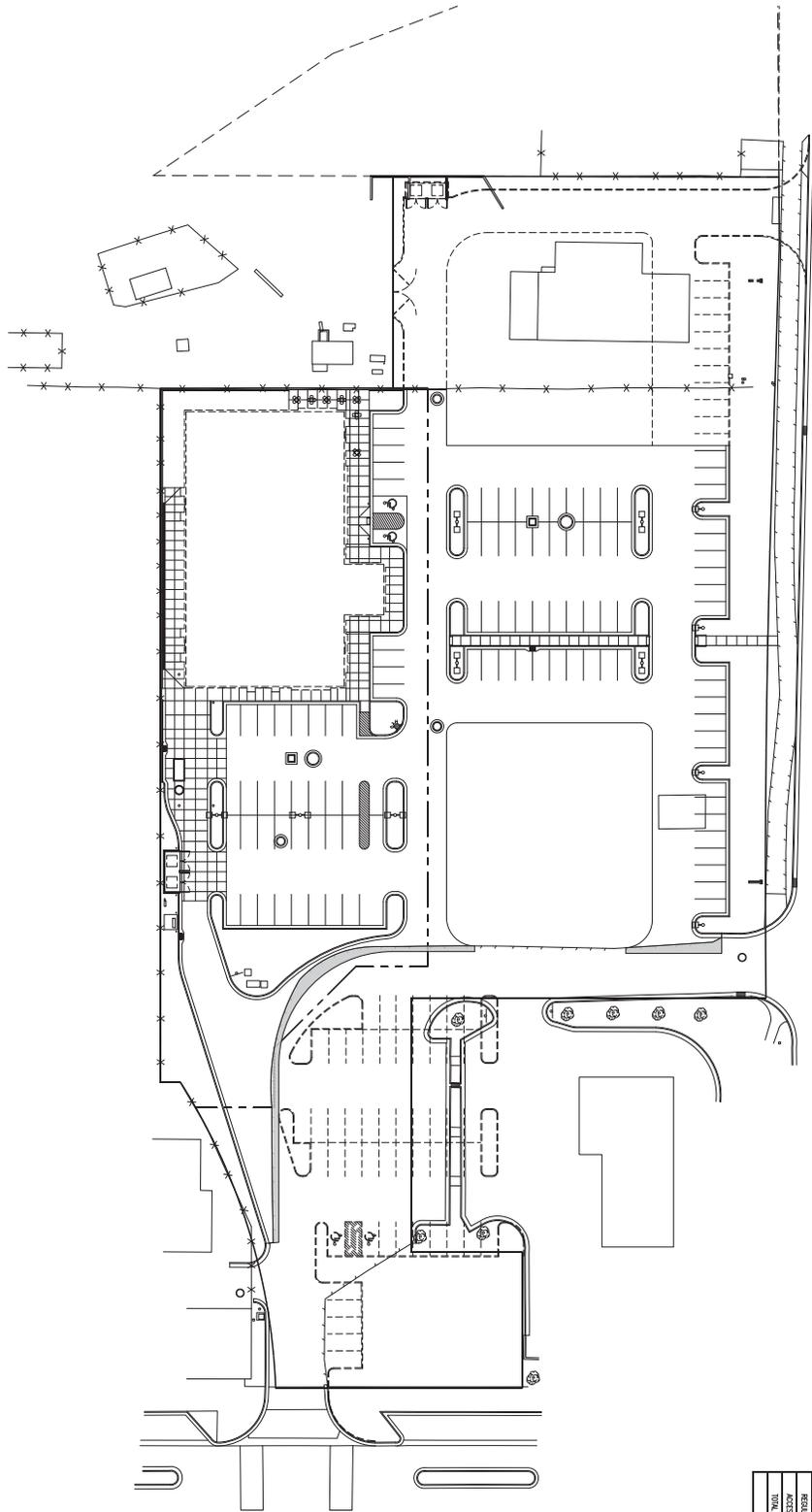
Scott L. Smith

COUNCILMEMBERS VOTING "NAY"

EXHIBIT A



ATTACHMENT D



SITE INFORMATION			
	50 FT.	ACRES	%
TOTAL PAVED AREA	157464	3.48	100%
BUILDING AREAS			
WAREHOUSE	4000		
MEYER'S FINE FOODS	13340		
FINISH FLOOR 1	4500		
FINISH FLOOR 2	4500		
FINISH FLOOR 3	4000		
TOTAL FINISH FLOOR AREAS	16500		
WAREHOUSE'S			
WAREHOUSE FINE FOODS	54		
FINISH FLOOR 1	18		
FINISH FLOOR 2	18		
FINISH FLOOR 3	18		
TOTAL WAREHOUSE AREAS	108		
TOTAL PAVED AREAS	1722		
TOTAL PAVED AREAS PER STATE REQUIREMENT	146		
TOTAL PAVED AREAS PER STATE REQUIREMENT	146		
TOTAL PAVED AREAS PER STATE REQUIREMENT	146		

MASTER SITE PLAN

SCALE: 1" = 500'



C1.11

November 6, 2012

12:45

Meier's
Fine Foods

5400 West 100th Ave
Highland, Utah

evris + associates architecture
Phone: 801.535.2172
Fax: 801.535.2173

LICENSED ARCHITECT
PUBLIC PLANNING
2770
UTAH

Purchase Agreement

THIS PURCHASE AGREEMENT (this “*Agreement*”) is made effective __ January 2014 by **HIGHLAND CITY**, a Utah corporation whose address is 5400 W. Civic Center Dr., Ste 1, Highland, UT 84003 (“*Seller*”), and **Highland Town Plaza, L.C.**, a Utah limited liability company whose address is 5455 W. 11000 N., Ste 202, Highland, UT 84003 (“*Buyer*”).

RECITALS:

A. Seller owns fee simple title to certain real property, any associated mineral rights, (collectively, the “*Property*”) comprising a total of approximately 0.36 acres that is located in Highland, Utah County, Utah. A plat of the Property is shown on exhibit “A” annexed hereto.

B. Buyer desires to purchase the Property from Seller, and Seller desires to sell the Property to Buyer, as specified in this Agreement. Furthermore, Buyer and Seller both desire an easement (“*Easement*”) to be granted in favor of Buyer across Seller’s property adjacent to the Property comprising a land area of 0.178 acres and is shown on exhibit “A”. Furthermore, Buyer will then grant Seller an easement adjacent to its south property line for access to Seller’s pump station. Buyer also agrees to place a temporary utility easement blanketing the fee simple property until utilities relocations are defined and a plat is recorded.

C. This Agreement constitutes the parties’ entire agreement regarding the purchase and sale of the Property. This Agreement supersedes all prior agreements and negotiations, oral and/or written, between the parties concerning the purchase and sale of any of the Property.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises, the parties’ mutual covenants and undertakings, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

- Purchase and Sale.** At Closing (defined below), Seller shall sell, and Buyer shall purchase, unencumbered fee simple title to the Property (including all mineral rights associated with the Property and certain water rights associated with the Property, if any, on the terms and conditions set forth in this Agreement. Furthermore, at Closing Seller will grant an Easement in favor of the Buyer across its property. Buyer agrees to improve and maintain the land under the easement in a manner acceptable to both Buyer and Seller. Also, Buyer agrees and grants Seller an access easement along its south property line for access to its pump station and Buyer agrees to place a temporary utility easement blanketing its fee simple parcel until utility relocations are defined and a plat is recorded. See Exhibit “A”.
- Purchase Price.** Subject to any adjustments otherwise required by this Agreement, the aggregate purchase price (the “*Purchase Price*”) for the Property and the Easement shall be Three Hundred Thousand Dollars (\$300,000.00) for the 0.36 acres comprising the Property and for the grant of Easement on the 0.178 acres.
- Payment of Purchase Price.** At Closing, Buyer shall pay to Seller, in credit against a portion of the \$637,834.95 owed Buyer under the Development Agreement dated March 5th, 2003 between Buyer

and Seller, an amount (the “*Balance*”) that constitutes the full Purchase Price for the gross acreage of the Property conveyed by Seller to Buyer and for the Easement granted to Buyer at Closing.

4. **Other Terms of Purchase to Survive Closing.** Buyer acknowledges the Seller’s water pump station is located near the Property that is the subject of this transaction and agrees that the purchased Property will become subject to water source protection requirements by Seller and State. Buyer agrees that it will not engage in any activities or development that will jeopardize the water pump station or the the water associated with such station. Additionally, Buyer will not engage in any actions or development that is contrary to any local, State, or federal law, regulation, or ordinance. Buyer also agrees it will be responsible for water, sewer, power line and any other utility relocation or installation that may be necessary for its intended use. Buyer agrees that Seller shall have a right of approval on the SR-92 access design and other improvements that Buyer will place on Sellers land to which Buyer will have an Easement. This section shall survive the closing.

5. **Improvements.** The Property shall be deemed unimproved for purposes of this Agreement. Unencumbered legal title to any fixtures or improvements on the Property as of the Closing Date shall be deemed conveyed to Buyer as of the Closing; provided, however, that from and after the Closing, Seller promptly shall execute and deliver to Buyer such bills of sale or other instruments as Buyer reasonably may request to effect or to confirm the conveyance of such fixtures and/or improvements.

6. **Possession and Seller’s Remaining Right of Use.** Seller shall deliver to Buyer, and Buyer shall assume from Seller, possession and enjoyment of; equitable and legal title to; risk of loss, destruction, condemnation and/or damage to; the Property as of the Closing Date.

7. **Taxes and Assessments.** Buyer shall pay, or cause to be paid, any and all taxes and assessments of every kind and nature, real and personal, which are or which may be assessed and which may become due on or in connection with the Property from and after the Closing Date. All such taxes and assessments for the year of the Closing shall be prorated between Seller and Buyer on a daily basis as of the Closing Date based on the latest information available, with Seller paying the share of such taxes and assessments for the period lying before the Closing Date and Buyer paying the share of such taxes and assessments for the period falling after the Closing Date. All such prorations shall be subject to adjustment between the parties at such time as actual tax bills or other final information becomes available. Seller warrants that it has paid, or caused to be paid, all such taxes and assessments for the year 2012 and all preceding calendar years for which it owned the Property.

8. **Access.** From and after the date of this Agreement, Buyer shall have, at reasonable times and upon reasonable notice, complete access to the Property for the purpose of performing Buyer’s Investigations (defined below). Buyer shall indemnify, defend and hold Seller harmless against and from any and all claims, demands, actions, or other proceedings, actual or threatened, arising from or in any manner related to Buyer’s activities with respect to the Property prior to the Closing.

9. **Investigations and Approvals.** The parties anticipate that Buyer’s efforts to purchase the Property will necessarily include the investigations and “due diligence” described in this section, together with such other investigations as Buyer reasonably may require (collectively, “*Buyer’s Investigations*”):

(a) **Title Insurance.** Before the Closing, Buyer shall cause Title West Title Company, whose address is Title West Title Company, ATTN: Wade Taylor 857 North 900 West, Orem, Utah 84057(the

“Title Company”), phone number (801) 375-3600, to deliver to Buyer a commitment (the “Commitment”) to issue a standard coverage owner’s policy of title insurance (the “Title Policy”) in the amount of the Purchase Price, insuring that upon recording the Deed (defined below) Buyer shall be the fee simple owner of good and marketable title to the Property, free and clear of all liens and encumbrances and subject only to the Permitted Exceptions (defined below). Buyer shall have until five (5) days prior to the Closing to disapprove any matters disclosed by the Commitment. All title exceptions not timely objected to by Buyer shall be deemed to be “Permitted Exceptions” to title to the Property, provided that any trust deeds, mortgages, or other liens of a financial nature against the Property shall be deemed disapproved and not Permitted Exceptions even if Buyer fails to timely object to such matters. As of the Closing, Seller shall provide to Buyer, at Seller’s cost, the Title Policy insuring that Buyer is the fee simple owner of good and marketable title to the Property, subject only to the Permitted Exceptions. If Buyer is not satisfied with the state of title to the Property, then Buyer may terminate this Agreement at any time until the Closing.

(b) Other Investigations. Until the Closing, Buyer may perform, at its expense, such additional studies, tests, cost analyses, approvals, and other examinations and due diligence as Buyer shall deem appropriate in its sole discretion to determine the suitability of the Property for the uses contemplated by Buyer. If Buyer is dissatisfied with the results of either of such studies, tests, etc., then Buyer shall have until five (5) days prior to the Closing to terminate this Agreement.

10. Representations.

(a) By Buyer. Buyer represents and warrants to Seller that Buyer is not bankrupt or insolvent; that Buyer is fully authorized to enter into and perform under this Agreement; that this Agreement is Buyer’s binding obligation enforceable in accordance with its terms; and that this Agreement doesn’t conflict with, or cause a default under, any other agreement, judgment or order binding on Buyer.

(b) By Seller. Seller represents and warrants to Buyer that Seller is the owner of fee simple title to the Property; that the Property is not subject to any mechanic’s liens arising from work or materials requested by Seller; that there are no adverse parties in possession of any of the Property; that there are no condemnation proceedings pending against any of the Property; that Seller is not under agreement to sell any of the Property to anyone else; that Seller is not bankrupt or insolvent; that Seller is fully authorized to enter into and perform under this Agreement; that this Agreement is Seller’s binding obligation enforceable in accordance with its terms; and that this Agreement doesn’t conflict with, or cause a default under, any other agreement, judgment or order binding on Seller.

All of the representations and warranties contained in this Agreement shall be deemed restated as of the Closing Date with the same effect as though they had been made on the Closing Date.

(c) No Warranties of Condition. Except as expressly set forth herein, Seller shall transfer the Property to Buyer “as is.” Buyer acknowledges that its representatives have physically inspected the Property, and represents that it is not relying upon any representation by Seller regarding any aspect or quality of the Property, except as expressly set forth in this Agreement.

11. Condemnation; Casualty. If, before the Closing, the Property or any material part thereof is materially damaged by a casualty event, or is taken or threatened to be taken pursuant to eminent domain, Seller shall so notify Buyer in writing and Buyer shall have the right, at its election, to terminate this Agreement at any time until the Closing. If Buyer does not so elect to cancel this

Agreement and the Closing occurs, then Buyer shall be entitled to receive all insurance proceeds and/or condemnation proceeds resulting from such damage or actual or threatened condemnation.

12. **Conditions of Closing.** Seller's obligation to close under this Agreement is subject to the fulfillment (or the waiver thereof by Seller in writing) of the following conditions on or before the Closing Date: (a) Seller shall be satisfied that Buyer has full authority to perform Buyer's actions at the Closing; (b) Buyer shall have materially complied with all of Buyer's obligations hereunder, including the payment of the Purchase Price, prior to or on the Closing Date; and (c) as of or at the Closing, Buyer shall have executed and delivered to Seller all documents required or necessary to consummate the transactions contemplated by this Agreement; and (d) that Seller has been able to find a suitable location for and build a new storage facility for replacement of its existing facility.

Similarly, Buyer's obligation to close under this Agreement and to make any payments hereunder is subject to the fulfillment (or the waiver thereof by Buyer in writing) of the following conditions on or before the Closing Date: (a) Buyer shall be reasonably satisfied that Seller has full authority to perform the actions necessary at the Closing; (b) Buyer shall be reasonably satisfied that Seller will be able at the Closing to convey to Buyer fee simple title to the Property, subject only to the Permitted Exceptions; (c) Seller shall have materially complied with all of Seller's obligations hereunder prior to or on the Closing Date; (d) as of or at the Closing, Seller shall have executed and delivered to Buyer all documents required or necessary to consummate the transactions contemplated by this Agreement; and (e) Buyer shall be reasonably satisfied with the results of Buyer's Investigations concerning the Property.

13. **Closing.** Provided that all of the parties' respective obligations under this Agreement have been timely complied with, and that all of the conditions of this Agreement have been satisfied prior to the date of closing (the "*Closing Date*"), the closing (the "*Closing*") of this transaction shall take place at the offices of the Title Company at such time, and on such business day, as reasonably may be specified by Seller upon five (5) days prior notice to Buyer that Seller's replacement storage building is complete; provided, however, that Closing shall occur, if at all, on or before December 31st 2014. Seller may have the option to extend the contract based on the inability to complete the replacement storage building for up to two periods of six months each, in which case the Closing shall occur no later than December 31st, 2015.

(a) **Deliveries.** At the Closing:

(1) **Seller's Deliveries.** Seller shall execute, acknowledge and deliver to Buyer, through escrow, (i) the Deed conveying to Buyer fee simple title to the Property as provided herein; and (ii) the Easement as provided herein; and (iii) any other documents or instruments contemplated by this Agreement or otherwise reasonably necessary to be executed or delivered for consummation of the transactions contemplated hereby.

(2) **Buyer's Deliveries.** Buyer shall execute and deliver to Seller any documents or instruments contemplated by this Agreement or otherwise reasonably necessary to be executed or delivered for consummation of the transactions contemplated hereby.

(b) **Costs.** Seller shall bear the cost of the Title Policy and the cost of recording any documents necessary to clear title to the Property so that such title may be conveyed to Buyer as contemplated herein. The parties shall share equally the escrow fees, if any, charged by the Title Company. Buyer shall pay the cost of recording and/or filing the Deed and the cost of Buyer's

Investigations. All other costs of Closing shall be equally shared by the parties. Each party shall pay its own attorneys' fees and costs with respect to the Closing and the preparation and negotiation of this Agreement and any other agreements and documents contemplated hereby.

(c) Prorations. Real property taxes and installments of current year special assessments on the Property, and other income and expenses of the Property, shall be prorated as of the Closing Date. To the extent that the amounts of such charges and expenses referred to in this section are unavailable at the Closing Date or if prorations are made on the basis of erroneous information or clerical errors, a readjustment of these items shall be made within thirty (30) days after the Closing Date or as soon as practical after discovery of such erroneous information or clerical error.

14. **Termination; Default; Remedies**. If this Agreement is terminated by either party pursuant to a right expressly given it hereunder (a "*Permitted Termination*"), neither party shall have any further rights or obligations hereunder.

(a) Default by Buyer. Buyer shall be in default under this Agreement if Seller has satisfied all of its obligations hereunder and Buyer fails to meet, comply with or perform any covenant, agreement or obligation on its part required, within the time limits and in the manner required in this Agreement, for any reason other than a Permitted Termination.

(b) Default by Seller. Seller shall be in default under this Agreement if Buyer has satisfied all of its obligations hereunder and Seller fails to meet, comply with or perform any covenant, agreement or obligation on its part required, within the time limits and in the manner required in this Agreement, for any reason other than a Permitted Termination.

15. **Indemnification**. Buyer shall defend, indemnify, save and hold harmless Seller, and its successors and assigns, from and against any and all liabilities and claims (including reasonable attorneys' fees) relating to the Property that arise from facts or circumstances arising from and after the Closing Date unless such claims arise, either directly or indirectly, from any actions or activities of Seller or its agents, employees or assigns. Similarly, Seller shall defend, indemnify, save and hold harmless Buyer, and its successors and assigns, from and against any and all liabilities and claims (including reasonable attorneys' fees) relating to the Property that arise from facts or circumstances existing before the Closing Date unless such claims arise, either directly or indirectly, from any actions or activities of Buyer or its agents, employees or assigns.

16. **Interpretation, Etc.** The following provisions also are integral to this Agreement: (a) this Agreement is binding upon and shall inure to the benefit of the successors and assigns of the respective parties hereto; (b) the headings used in this Agreement are inserted for reference purposes only and shall not be deemed to define, limit, extend, describe, or affect in any way the meaning, scope or interpretation of any of the terms or provisions of this Agreement or the intent hereof; (c) this Agreement may be signed in any number of counterparts with the same effect as if the signatures upon any counterpart were upon the same instrument. All signed counterparts shall be deemed to be one original; (d) the provisions of this Agreement are severable, and should any provision hereof be void, voidable, unenforceable or invalid, such void, voidable, unenforceable or invalid provision shall not affect the other provisions of this Agreement; (e) any waiver by either party of any breach of any kind or character whatsoever by the other, whether such be direct or implied, shall not be construed as a continuing waiver of, or consent to any subsequent breach of this Agreement; (f) the rights and remedies of the parties hereto shall be construed cumulatively, and none of such rights and remedies shall be

exclusive of, or in lieu or limitation of any other right, remedy or priority allowed by law; (g) this Agreement may not be modified except by an instrument in writing signed by the parties hereto; (h) this Agreement shall be interpreted, construed and enforced according to the substantive laws of the state of Utah; (i) in the event any action or proceeding is brought by either party concerning this Agreement, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees, whether such sums are expended with or without suit, at trial, on appeal, or in any bankruptcy or insolvency proceeding; (j) any notice or other communication required or permitted to be given hereunder shall be deemed to have been received (1) upon personal delivery or actual receipt thereof or (2) within two (2) days after such notice is deposited in the United States mail, postage prepaid and certified and addressed to the respective addresses set forth above or to such other address(es) as may be supplied by a party to the other from time to time in writing; (k) time is the essence of this Agreement; (l) all of the parties' respective representations, covenants and warranties set forth herein shall survive the Closing and the delivery of any deeds, bills of sale or the like contemplated herein; and (m) this Agreement shall be interpreted in an absolutely neutral fashion without regard to which party was the "drafter" of this Agreement.

17. **No Commissions.** Neither party has had any contact or dealings regarding the sale parcels or the Property to be conveyed hereunder or any communication in connection with the subject matter of this Agreement through any licensed real estate broker or any other person who can claim a right to commission or finders fees as a result of the sale contemplated herein. Each party shall indemnify and hold the other harmless against and from all claims for any real estate commissions and other fees with respect to the procurement and closing of this Agreement made by any person or entity with whom they have dealt or are alleged to have dealt.

18. **Licensee Disclosures.** Buyer hereby discloses to Seller that certain of Buyer's principals are Utah Real Estate Division licensees that are involved in the transactions contemplated by this Agreement for their own accounts.

19. **Force Majeure.** Each date by which a condition or obligation set forth herein must be satisfied shall be extended by the number of days during which satisfaction of such condition or obligation is necessarily delayed by strikes, lockouts, civil strife, war, natural disasters, acts of God, unavailability of materials or supplies, or any other events beyond the control of the party required to perform (but not including the failure of any party to obtain any required financing, except as otherwise provided herein).

DATED effective the date first above written.

SELLER:

HIGHLAND TOWN PLAZA, L.C.
a Utah limited liability company

By: _____
Richard L.K. Mendenhall, Manager/Member

BUYER:

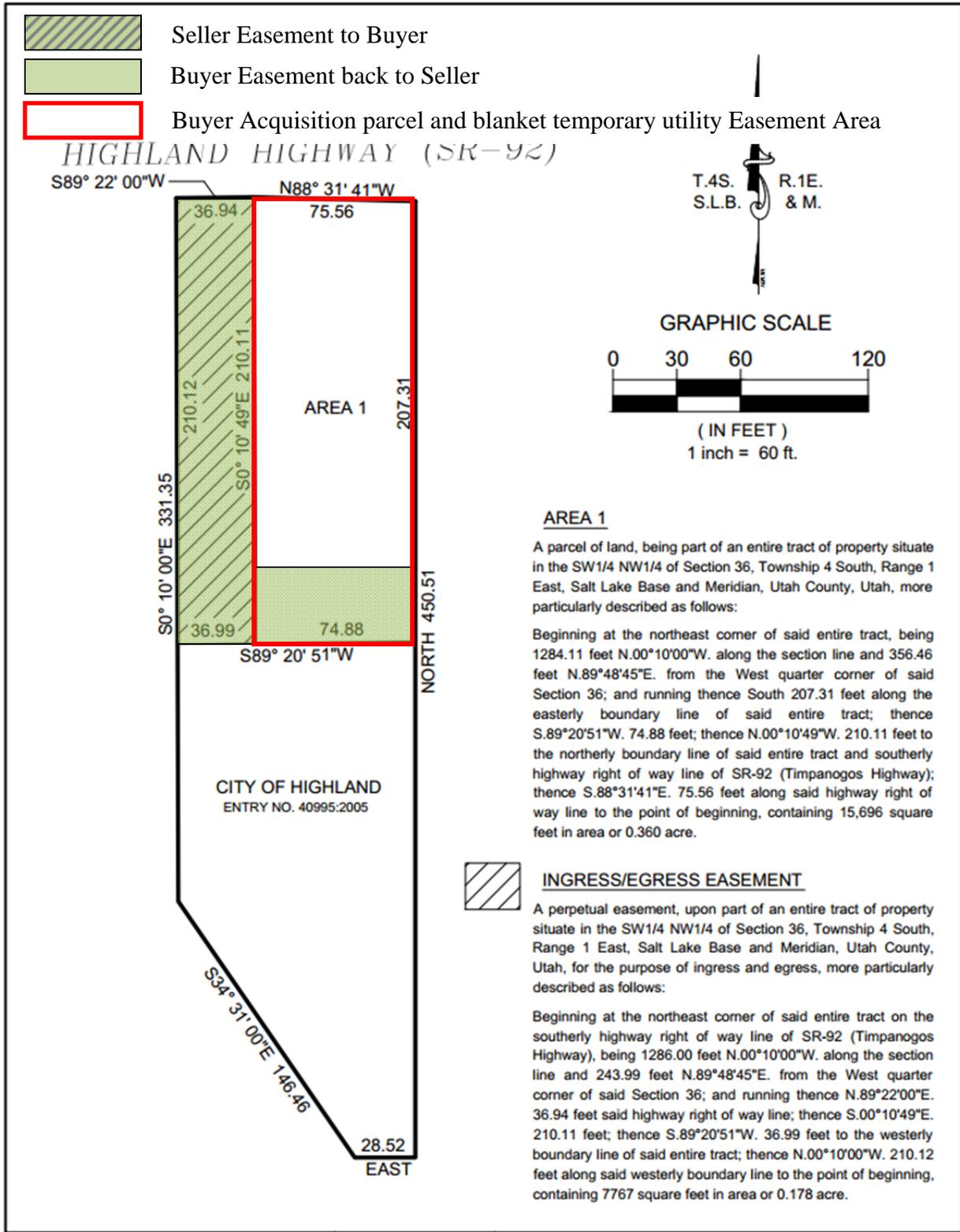
HIGHLAND CITY,
a Utah corporation

By: _____
Mayor

ATTEST:

CITY RECORDER

Exhibit "A" to Real Estate Purchase Agreement (Plat of the Property)



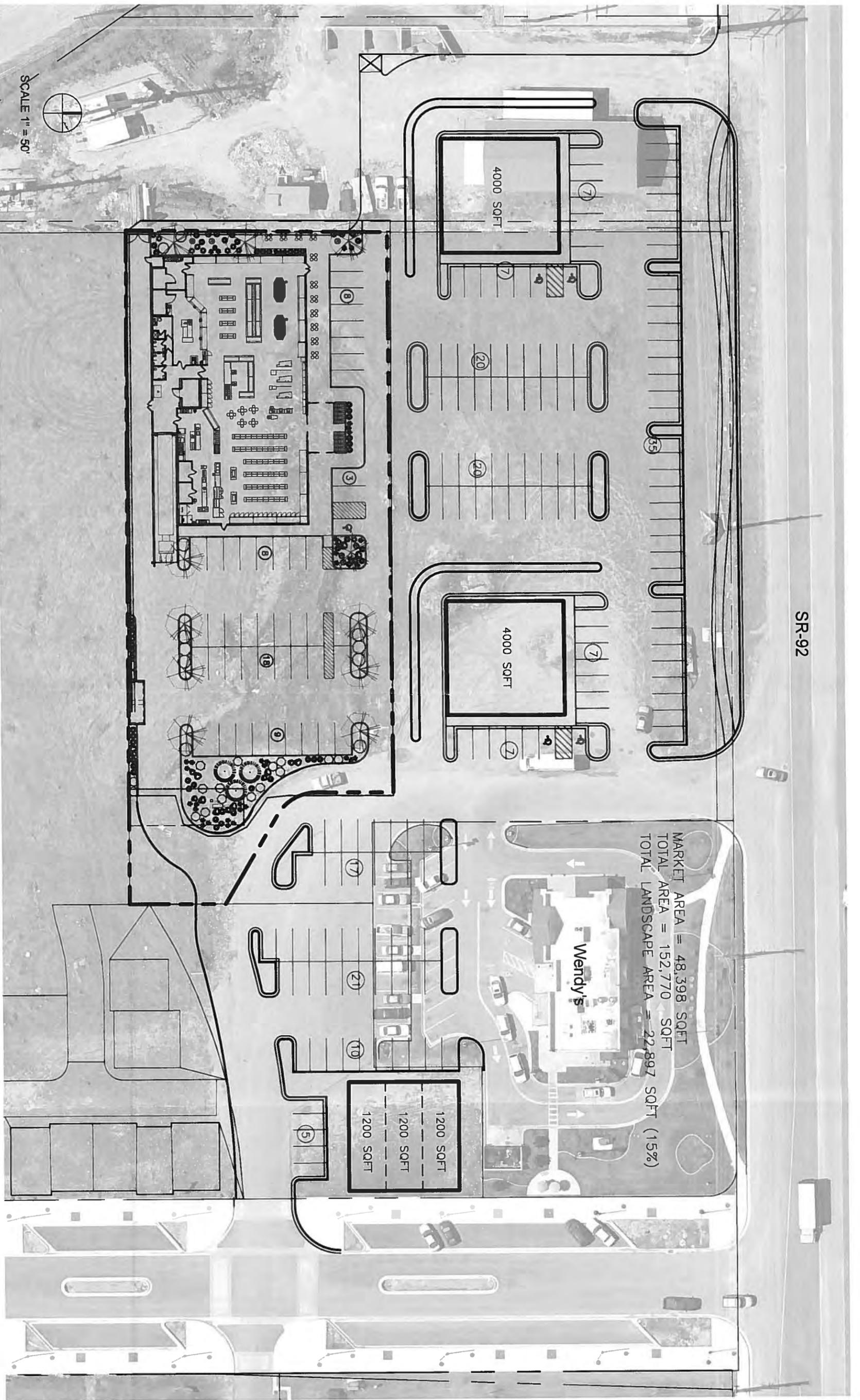
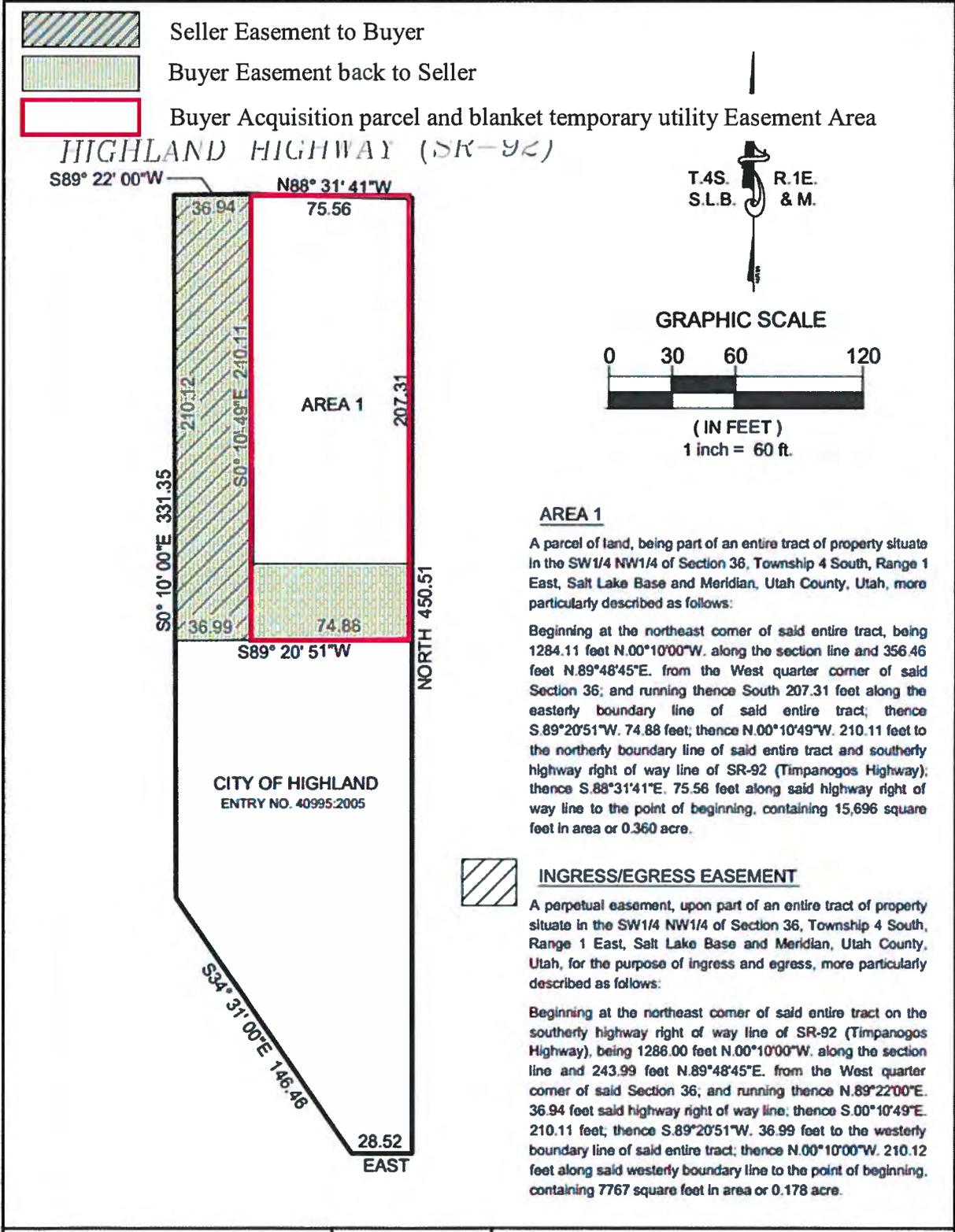


Exhibit "A" to
Real Estate Purchase Agreement
(Plat of the Property)



MINUTES OF THE NOVEMBER 7, 2013 CITY COUNCIL MEETING

PRESENT: Mayor Lynn V. Ritchie, conducting
Councilmember Brian Braithwaite
Councilmember Tom Butler
Councilmember Tim Irwin
Councilmember Jessie Schoenfeld
Councilmember Scott L. Smith (Telephonically)

DISCUSSION: Location of Public Works Shop (Agenda Item 13)

Matt Shipp explained this about replacing the HW building on SR92. This will be for the storage of park equipment. Staff has looked at about four properties throughout the city that we already own that we feel like there is enough space. One of those locations is West Park Road located on the west side of Highland Glen Park. Staff likes this location because of the size, but do not like it because of the location. This location lacks utilities and an easy place for vandalism.

Another location is above Pheasant Hollow that is referred to as the City bone yard. The new county restrooms are located nearby; the City's burn pile and equipment storage are also at this site. A problem with this location is that the access is not ideal; it would require continual trips up and down 4800 West. The location has been eliminated due to this reason.

The next location is at Mitchell Hollow off of 10400 North; it is a good location except for in the master planning, it is a possible future water tank location. When the water company purchased the property, one of the reasons they did is for future a water tank for the lower zone for water pressure. Due to this issue, this site has been eliminated.

The final location is the old City Hall location and is favored by staff. The property in the back on the north side would be used for a building. There would be a thirty foot setback from SR74. Included in the plan is an area for washout to meet the NPDES, stormwater, requirements, different bays for storage of materials, and a large yard for parking equipment. Staff is bringing this to the City Council to get their thoughts and input. Mr. Shipp indicated we will need to be moving some equipment; the current shop is extremely full and the yard is very small for parking equipment. We are limited on storage space.

Scott Smith said that the proposal by the old city hall makes sense because it is close proximity to the Highland Glen Park, Heritage Park, Mitchell Hollow Park; and several of the Open Space Neighborhood Parks; he feels it is the best option.

Tim Irwin commented on the use of the current Community Center and that parking is not often adequate; this concerns him that the space we already own would not be developed into an area where people can park. His second concern was that the building looks close the property line.

Mr. Park explained that the building would be considered an accessory structure and could go relatively close to the lot line. He suggested we not get caught up in details; these types of things can be mitigated. He said that a future building would not take up any of the existing parking; the parking can be looked at and see if it can be better utilized. Mr. Irwin said the Community Center seems to be getting good use and the community seems to like it and he wants to ensure we have enough parking.

Jess Adamson voiced comments on the location; he lives across the street from this site. He said that this is a one and a quarter acre lot in a residential subdivision; the City built the old City building on a residential lot in the R-1-40 zone. He expressed that it is a good use for the building and public. He stated there are twenty parking spaces in the current parking lot and there would not be an option for re-configuration with the need for a pass through to the back of the lot. Mr. Adamson said that when the building is in use, there are times when the vehicle load is overflowed on to the streets; this has the potential to be compounded by winter weather. He urged the City to talk to neighbors before putting an industrial use in a residential neighborhood and moving forward on this item. Mr. Adamson suggested the lot to the west of the current Public Works building. Matt Shipp indicated that this location is a little small due to it being next to the river and the different regulations with that.

John Park commented we may need to determine if the old City Hall building is a building we want to keep. He expressed that staff feels we would be able to mitigate a lot of the concerns and get rid of the industrial use as much as we can; if we cannot, we do believe this ought to be a consideration. Tim Irwin said he would not want to see us get rid of that building until we have something else.

Tom Butler commended staff for keeping the location to one site. He asked the cost of a building. Matt Shipp said we would be looking at a minimum of about \$125,000. Mr. Butler said he thinks it is fine to have this discussion, but that it should not be seriously considered; it feels as though we are putting the cart before the horse. On the outside chance that we were to contract the park maintenance again, that would negate the need for this. John Park expressed that unless we get a warm fuzzy feeling on this from Council that this is the best location, we are not going to bring this back with additional information. Tom Butler reiterated that this becomes moot if we go to outsource on the maintenance. Matt Shipp explained that we still have equipment that we keep. He indicated that some of the smaller equipment would be stored here; it would not need to be as tall as the current HW building. It would need to be tall enough to fit a backhoe in the door. Mr. Shipp reiterated that staff is looking for direction from the Council.

Scott Smith suggested the east end of Mountain Ridge Park. Matt Shipp explained all the space is taken and everything is laid out with ball fields and parking. John Park expressed another option is to purchase property; we are just trying to make this work with the proceeds from the HW building.

The Council suggested for staff to address the following items: the parking at the Community Center, whether industrial fits in a residential area, and explore if there is a location that fits better. Brian Braithwaite stated that he is more in favor of the City bone yard location. Matt Shipp responded to comments of the area west of the existing shop by stating staff will look at that location, but when we are finished there, there would not be a parking lot area left there for anyone.

WPI Exaction Fee Summary			
Amount Owed by Highland City to WPI			\$ 637,834.95
Amount Owed by WPI to Highland City			\$ 216,275.40
	Highland Town Plaza (Meier's) (2.95)	\$ 192,753.00	
	Property Purchase (0.36)	\$ 23,522.40	
	Total	\$ 216,275.40	
Amount owed by Highland City to WPI after payment of exaction fees (Excation fee owed minus amount due)			
			\$ 421,559.55
Highland Water Company Purchase			
			\$ 300,000.00
Amount Owed to WPI if Property is Purchased (Amount owed minus purchase price)			
			\$ 121,559.55

To be applied to permit fees

<p style="text-align: center;">HIGHLAND CITY CITY COUNCIL MEETING JANUARY 21, 2014</p>			
REQUEST:	DISCUSSION: City Council Goal Setting Workshop		
APPLICANT:			
FISCAL IMPACT:	N/A		
GENERAL PLAN DESIGNATION N/A	CURRENT ZONE N/A	ACREAGE N/A	LOCATION Citywide

BACKGROUND:

With the election of new members to the City Council, City Staff would like to engage with the City Council to establish a set of goals for Highland City. In order to accomplish this task, City Staff would like to schedule a goal setting workshop with the Mayor and City Council. Staff would like to schedule this workshop for early February. A recommended date of February 11, 2014 at 6:00 pm is proposed because it falls on a “non-council meeting” Tuesday.

PROPOSED MOTION:

Discuss and schedule City Council goal setting workshop for February 2014.

ATTACHMENTS: