

1 Heber City Corporation
2 City Council Meeting
3 07/07/2011
4 7:00 p.m.

5
6 WORK MEETING
7

8 The Council of Heber City, Wasatch County, Utah, met in **Work Meeting** on July 7, 2011, in the
9 City Council Chambers located at 75 North Main Street in Heber City, Utah.

10
11 Present: Mayor David R. Phillips
12
13 Council Members Nile Horner
14 Robert Patterson
15 Alan McDonald
16 Benny Mergist
17

18 Excused: Eric Straddeck
19

20 Also Present: City Manager Mark K. Anderson
21 City Recorder Paulette Thurber
22 City Engineer Bart Mumford
23 City Planner Tony Kohler
24 Chief of Police Ed Rhoades
25

26 Mayor Phillips excused Councilman Eric Straddeck who was out of town.
27

28 **Matt Millis – Zions Bank Public Finance – Presentation – Utility Rate Analysis:** Millis
29 expressed appreciation to the Council, in behalf of Zions Bank Public Finance, for the
30 opportunity to discuss the proposal they submitted a few weeks ago on water and sewer rates. He
31 indicated he had worked for Zions Bank Public Finance for a few months but prior to that eleven
32 years with another company doing rate analysis and was an impact fee specialist. He also worked
33 on public utility finance and lots of rate studies, cash flow analyses, etc.
34

35 Councilman McDonald asked what they would actually look at in the study. Millis said costs of
36 operations-culinary, secondary and sewer costs including the costs to send to the sewer plant.
37 Millis said they would look at overall goals, values and strategies and they would look carefully
38 at the objectives of the City. Also financial analysis, user class demand characteristics, make sure
39 all classes were treated fairly compared to all others and that the rates were set up to cover costs
40 and generate the revenue needed but not overburden the citizens. He said they would look at

1 overall costs and determine how each different component was affected. Councilman McDonald
2 questioned if they would look at costs from metering, customer service, building and all other
3 costs to the City. Millis said yes they would take the different components and break down the
4 costs and look at them very carefully. Councilman McDonald asked if they would use the cash
5 rate analysis or the utility rate analysis. Millis said they used the cash rate analysis as it was
6 much more appropriate for public regulated facilities. Millis talked about depreciation which was
7 based on the value at building and not what the cost was of replacement. Councilman McDonald
8 asked if Millis had ever done a utility rate analysis. Millis said, no, he had never done a utility
9 rate analysis. Councilman McDonald asked about costs and inflation rates. Millis said they
10 would look at that. Millis continued they would look at salaries, wages, soft costs, cost of living,
11 CPI, engineering records, cost of inflation and anything unique. He said they looked at it very
12 detailed so the information given was accurate. Councilman McDonald asked if they would look
13 at the City's Capital Improvement Plan. Millis said absolutely. Councilman McDonald said he
14 would like to see a five-year plan projection. Millis said a five-year plan was the best because it
15 was not too far out. Millis discussed interest rates. He talked about a unique program he created
16 when putting together his model for the City.

17
18 Councilman Horner wanted to know how many other cities they had done this type of study for.
19 Millis said he had done this for about 40 cities and many water districts. He said he had worked
20 with various sized cities and districts. Councilman Horner asked if Millis had expertise in
21 looking at the system to see if it was run efficiently. Millis said there were probably some things
22 he could do; but, as far as actual operations, that would be better suited for an engineer. He said,
23 though, they could do an analysis on certain things.

24
25 Mayor Phillips asked what the primary purpose was for cities that asked for this type of analysis.
26 Millis said to insure the city's utility was in a financially stable position, to have peace of mind
27 in case there was need for a bond, make sure there was no major "catch up" that needed to be
28 done, to determine any problems, and to make sure the City was in good shape. The second
29 element was you would know the City's rates were equitable and fair and the City would have a
30 good structure policy in place for citizen's questions. Mayor Phillips asked the time period it
31 would take to do this study. Millis said 60 days from the time the information was gathered.
32 Mayor Phillips asked how often this would be done. Millis said there were some that did a quick
33 update each year but others about every three years. However, sometimes there were special
34 circumstances to do an analysis. Millis said it was important to catch up and then keep up based
35 on the analysis. Mayor Phillips discussed the importance of justifying rates and said it was
36 imperative to be able to have facts that backed up decisions.

37
38 Millis said one thing he was offering was unique graphs etc., that he prepared which would
39 replace 20 or 30 pages of text. He said he was trying to show data graphically instead of via text.
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1 Councilman Horner wanted to know how many years he went back as far as historic expenses.
2 Millis said three or four years.

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4 The Council thanked Millis for the information.

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6 **Update on Corridor Preservation Funds:** Anderson said he was pleased to report that today in
7 the mail the City received \$280,000 from the Corridor Preservation Fund.

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9 **Hiring of A/P Clerk/Building Secretary:** It was indicated Monicia Echols had been hired for
10 the position of Accounting Clerk/Building Department Clerk.

11
12 **Advancement of Matt Kennard, Mark Olpin, John Emmanuel and Chris Pedersen:**
13 Anderson indicated the above listed people had been advanced based on passage of water/sewer
14 tests and experience. Councilman Mergist asked what that entailed. Anderson explained a grade
15 increase but not a step increase with an average of 6% increase.

16
17 **Review of Draft Notice of Proposed Tax Increase:** Anderson said that included in the packet
18 was a paper of what the notice would look like in relation to a tax increase. He said it would be
19 published twice. He said he anticipated holding the Hearing on August 9, 2011, at 6:00 p.m.
20 Councilman McDonald said he wanted to see a percentage as well as a dollar figure in the notice.
21 Anderson explained this was a notice he could not adjust as it was dictated by the State of Utah.
22 Councilman McDonald felt the notice should be clearer. Anderson explained he input the data
23 and the state program printed the notice. He said he could not change the language of the notice.
24 Anderson said the notice could be published the last week in July and first week in August if the
25 Hearing was to be held on August 9, 2011. Mayor Phillips wondered if it would behoove the
26 City to put in a summery explanation to help the public understand the notice. Councilman
27 McDonald wanted the public to understand it was a very small number they would be using to
28 calculate the increase.

29
30 **Review Letter from Clair Provost of Wasatch County EMS:** Anderson explained the draft
31 letter before the Council was brought over by Clair Provost earlier in the day. He said the
32 Wasatch County EMS was looking for support from the City in relation to that letter which draft
33 language stated: "The Heber City Council fully supports the decision of Wasatch County EMS to
34 seek a waiver / authorization for Paramedic-when-available service. We feel that the ability of
35 our EMS employees to act to the level that they have been trained and certified will be in the best
36 interest of the community." The Council was asked if they would support Mayor Phillips signing
37 a letter of support with language as stated. The Council indicated their support.

38
39 **Review of Powers and Duties:** Anderson said Councilman McDonald had sent to the other
40 Councilmembers some proposed changes to the current Code in relation to powers and duties of

1 the City Recorder, City Treasurer and City Manager and adding the duties for a Finance Director
2 which the City currently did not have. Councilman McDonald said he was trying to have no
3 cross overs on duties as listed in the Code. He said also there were some State Codes that would
4 update the City's Code. He questioned the language about the Recorder being the auditor of the
5 City. Anderson said that was not reflective of current operations as the City had an independent,
6 external auditor who did an annual audit. Anderson said he reviewed all documents prior to
7 payment because the City did not have an internal auditor. He said staff prepared financial
8 statements and the auditor reviewed those. It was anticipated the new proposed position of
9 Finance Director would take over some duties performed by Anderson.

10
11 Councilman McDonald asked City Recorder Thurber if she had read the proposed changes to
12 Code in relation to the powers and duties of the City Recorder. Thurber questioned "F" in the
13 document and suggested the Council would not know the numbering sequence to assign the
14 ordinance numbers.

15
16 Mumford indicated he had some issues to discuss with the Council regarding the Elmbridge
17 development. An overhead of the area was shown. Mumford said there was a third bore needed
18 for a sewer line to accommodate the proposed development on the east side of the road. He said
19 it would be significantly cheaper to do that third bore now which would cost about \$100,000 to
20 bore that line. Mumford explained the City had an agreement with Blue Ox to split the cost of
21 that sewer line 50/50 crossing the road. He said that at present, Blue Ox had about \$30,000 and
22 the City had its half coming out of impact fees. He asked if the Council would be receptive to
23 fronting that money for the bore and have Blue Ox reimburse when they started development.
24 Councilman Mergist wanted to know what collateral would be used if the City did front the cost.
25 Mumford said Blue Ox would not get a building permit until that debt was satisfied. The
26 Council was okay with fronting the cost. Mumford said UDOT would not allow an open cut in
27 the road; consequently, it had to be bored. Anderson suggested an agreement that included
28 interest. Councilman Horner said he would not approve that because it was the City moving
29 ahead before Blue Ox was ready.

30
31 Mumford indicated the Daniels Connector/Heber Parkway project should be going out to
32 advertisement shortly. An overhead was shown. Mumford explained there was a minor issue
33 with a retention pond in the corner on the south side of the road. It was anticipated that UDOT
34 would give that area to the City. He continued there was a billboard on that property with an
35 easement. UDOT was debating if that would be an issue for the City since they wanted to get
36 their project moving and were trying to anticipate problems. It was indicated the billboard
37 belonged to Regan Company who paid a fee for the use of that easement each year. So the
38 question Mumford had was if the Council was going to have an issue with that property being
39 turned over by UDOT since it had the easement on it. The Council did not feel there was an issue
40 with an easement being on the property that would be given to the City. It was indicated there

1 was probably a 20-year agreement with Regan on that sign and when that time period lapsed, if
2 the City did not want the sign there anymore, the City would not have to renew the agreement.

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4 As there was no further business, the Work Meeting of the Heber City Council of July 7, 2011,
5 was adjourned.

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Paulette Thurber, City Recorder

Approved 10/06/2011