

Minutes of the meeting of the Logan Municipal Council convened in regular session on Tuesday, May 20, 2014 at 5:30 p.m. in the Logan City Municipal Council Chamber, 290 North 100 West, Logan, Utah. Chairman Karl B. Ward conducting.

Council members present at the beginning of the meeting: Chairman Karl B. Ward, Vice-Chairman Jeannie F. Simmonds, Councilmember Holly H. Daines, Councilmember S. Eugene Needham and Councilmember Herm Olsen. Administration present: Mayor H. Craig Petersen, Finance Director Richard Anderson, Public Works Director Mark Nielsen, City Attorney Kymber Housley and City Recorder Teresa Harris.

OPENING CEREMONY.

Pastor Joshua Heimbeck, Holy Trinity Lutheran Church gave the opening prayer and led the audience in the pledge of allegiance.

Chairman Ward welcomed those present. There were approximately 13 citizens in the audience at the beginning of the meeting.

Meeting Minutes. Minutes of the Council meeting from May 6, 2014 were reviewed and approved with minor changes.

ACTION. Motion by Councilmember Olsen seconded by Vice Chairman Simmonds to **approve the May 6, 2014 minutes as amended and approve tonight's agenda**. Motion carried unanimously.

Meeting Agenda. Chairman Ward announced there will be four public hearings at tonight's Council meeting.

Meeting Schedule. Chairman Ward announced that regular Council meetings would be held the first and third Tuesdays of the month at 5:30 p.m. The next regular Council meeting is Tuesday, June 3, 2014.

Chairman Ward announced that the July 1, 2014 Council meeting has been cancelled. The Council will meet on Tuesday, July 15, 2014.

QUESTIONS AND COMMENTS FOR MAYOR AND COUNCIL.

There were no questions or comments for the Mayor or Council.

MAYOR/STAFF REPORTS.

Updates on Projects/Issues – Mayor Craig Petersen.

Mayor Petersen updated the Council on the following:

1. Commission/Board Vacancies - Members are needed for the Economic Development Committee and the Power Advisory Board.
2. Current Road Closures:
 - 200 East from 1000 North to 1250 North – Closed until May 23 (one week longer than earlier stated).
 - Canyon Road closure for trail construction—Opened May 16
 - 700 North 200 East closed for construction of pedestrian crossings—until early June 2014.
 - 200 East 500 North closed for construction of a roundabout.
3. Graffiti Solutions - No trespass signs have been posted. A meeting with the Forest Service is scheduled for May 28, 2014.
4. Logan will receive funding for two CCCOG road projects:
 - 3200 South and Highway 89/91 intersection - \$1,456,000
 - 1400 North 600 West intersection signal light - \$200,000
4. Logan has been recommended to receive \$377,279 in RAPZ/Restaurant tax grants. A final decision by the Cache County Council will be made on May 27, 2014.
5. Tour of Utah is a professional bike race similar to the Tour de France. Cache County Council approved \$25,000 in RAPZ/Restaurant and the Cache Visitor's Center will contribute \$5,000. The decision for Logan City to host this event must be made by the end of May.

Board Appointment – Mayor Petersen.

Mayor Petersen asked the Council for ratification of Maybell Romero to serve on the Planning Commission which is a four year term.

Councilmember Daines said the only concern she would have with the recommendation of Ms. Romero is that she has accepted a teaching appointment at BYU for the Fall semester and will she have the time to also serve on the Planning Commission.

Councilmember Daines recommended that ratification of Maybell Romero be postponed until the May 27, 2014 Council Budget Workshop meeting. The Council all agreed to postpone ratification.

COUNCIL BUSINESS.

Council Budget Workshop Schedule – Tuesday, May 27, 2014 beginning at 5:30 p.m. in the Logan Municipal Council Chambers.

Chairman Ward announced that a Budget Workshop will be held on Tuesday, May 27, 2014 beginning at 5:30 p.m.

CULTURAL ARTS GRANT QUALIFICATIONS – Councilmember Holly Daines

Councilmember Holly Daines addressed the issue of the qualifications of the current Cultural Arts Grant. A group from USU's English Department applied for City funding in the Fall of 2013 to start a Poet Laureate Program in Logan. It was decided the best source to look to would be the Logan Cultural Arts Grant, but because the group was part of the University, they could not receive funding. Currently, only 501c3 organizations can apply for funds. While 501c3 is a common nonprofit Internal Revenue Service designation, not everyone falls under that category. Councilmember Daines would like to expand the funding to a few more worthy organizations. She would like to change the language on the application to state that all nonprofit organizations that are arts related can apply.

City Attorney Kymber Housley stated the Council can make the decision to make changes to the Cultural Arts Grant qualifications. The change does not require a public hearing.

Councilmember Daines said those applying should be a registered, non-profit group and related to an arts organization.

The Council all agreed on the proposed change. The Cultural Arts Grant applications will go out July 2014.

ACTION ITEMS.

PUBLIC HEARING – Logan City Budget Transfers Fiscal Year 2015

Finance Director Richard Anderson addressed the Council regarding the Logan City Budget Transfers for Fiscal Year 2015.

In accordance with Utah State law and Logan City budgeting practices, Logan City will hold a public hearing on May 20, 2014 at 5:30 pm in the Logan City Council Chambers located at 290 North 100 West, Logan Utah, to discuss transfers from enterprise funds to the Logan City General Fund. Anyone desiring to address the Logan Municipal Council on this issue is invited to this public hearing.

The following Fiscal Year 2015 proposed transfers will be discussed:

From Water & Sewer Fund to General Fund	\$ 691,840
From Sewer Treatment Fund to General Fund	314,161
From Electric Fund to General Fund	2,896,012
From Environmental Health Fund to General Fund	886,499

Logan City has also enacted 911 fees that are assessed on all utility customers for the County-Wide 911 system, radio communications, and related functions. These fees are technically transferred from the Environmental Health Fund to the Communication Center Fund (911 Fund). It is estimated that during Fiscal Year 2015 the City will transfer \$1,410,000 for this purpose.

The Utah State Auditor has determined that waived enterprise fund fees are a de facto transfer. Logan City has not charged the full cost of refuse collection services to the City

of Logan and other governmental agencies. A public hearing will be held for both the fiscal year 2014 and 2015 waived refuse collection fees at the above mentioned meeting time. The following estimated annual waived fees will be discussed:

Amalga	\$ 80	Newton	\$ 440	Trenton	\$ 721
Clarkston	159	Nibley	1,515	Wellsville	880
Cornish	964	North Logan	8,490	Cache County	27,878
Hyde Park	2,600	Paradise	2,345	Logan City General Fund	30,554
Hyrum	8,096	Providence	3,321	Logan City Electric Fund	2,338
Lewiston	3,518	Richmond	2,157	Logan City Golf Course	3,370
Mendon	3,415	River Heights	1,441	Logan City Library	3,946
Millville	477	Smithfield	5,316	Logan City Rec Ctr Maintenance	1,275

Mr. Anderson said the purpose of transfers is the movement of cash or other resources from one fund to another without consideration of repayment, provide return on investment to Logan City taxpayers, and keep property taxes low by broadening the tax base. This process is effective as long as rates are competitive.

There are three categories of Transfers:

1. Operating Transfers to General Fund from the Enterprise Fund - \$4,788,512
2. 911 Fund - \$1,410,000
3. Waived garbage fees to Logan City and other governmental entities - \$108,311
4. Billing for the new fees will start July 2015

The Operating Transfers to the General Fund are the following:

Water Fund	\$691,840
Sewer Fund	\$314,161
Electric	\$2,896,012
Environmental	\$886,499
Total	\$4,788,512

Property Tax or Transfers

Fiscal Year 2014 General Fund Property Tax	\$2,018,758
Fiscal Year 2014 Transfers	\$4,721,657

Property tax increase if NO Transfers

Mr. Anderson said for the budget to be revenue neutral each \$1.00 decrease in transfers requires a \$2.38 increase in property tax.

Enterprise Fund Transfers

- Manage Transfers in relation to other General Fund revenues.
- Strong policy direction:
 - The lesser of 8% of operating revenue or 10% of operating expenses.
- Maintain transfers to keep Property Taxes low.

Mr. Anderson stated that transfers over the last 10 years have increased at rate of .034% and that is including the proposed 2015 transfers which, is very low.

Chairman Ward opened the meeting to a public hearing.

Jim Brackner resident of River Heights addressed the Council. He said River Heights doesn't have any way to be competitive in regards to sewer treatment and garbage pickup. He asked what is the nature of the enterprise fund fee that has been waived, is this something the cities have agreed to and what is the source.

Mr. Anderson responded the waived garbage can fee is a fee that Logan City has not charged to various cities. As an example, this would be a four yard container located at River Heights City Hall that Logan City is not charging to empty.

Mr. Brackner asked what funds are not being collected.

Mr. Anderson used the example that he previously stated which would be the four yard container that Logan City is not charging for and is located in River Heights. This is something that the State Auditor requires.

Mr. Brackner feels that River Heights is being charged more than it should and he feels they are being taxed without representation.

Vice Chairman Simmonds asked Mr. Brackner if he knows how much River Heights remits to Logan City for garbage collection.

Mr. Brackner responded this past month the amount was \$11,135 from River Heights City.

Mr. Anderson clarified that the amount of \$1,441 listed on the Notice of Estimated Annual Waived Fees is just for River Heights City itself, the government entity only.

Cheryl King resident of Providence City addressed the Council. She said the presentation tonight convinced her that part of the \$360 that comes from her budget to pay for sewer each year, is paying property taxes for Logan shareholders/tax payers and she asked if that is correct?

Councilmember Holly Daines responded that is correct and is the way Logan City has chosen to structure their rates. Logan City takes the risk of building a new water treatment facility and takes all of the costs of providing those services. Any of the other cities are welcome to find another provider or build their own treatment facility if that is what their elected officials choose to do.

Mayor Petersen said that Mr. Anderson stated the amount of the transfer fee has been constant for the last 10 years and even though we have a maximum rate we can transfer, the actual transfer is 5% and is substantially less than what our policy dictates.

Smithfield City Manager Jim Gass addressed the Council. He clarified that as it stands now with the sewer lagoons, they are currently owned by Logan City and they are entitled to a return on investment because they own, maintain and operate the lagoons. In regards to a new facility, the other cities don't have a lot of options and other cities have also been saving for a new facility and feel it is just as much theirs as it is Logan's and

we need to keep this in mind. This is an investment that all cities are making, not just Logan City.

Councilmember Daines stated that Hyrum and Richmond have their own mechanical treatment facility.

Mr. Gass responded yes, that is true and it was explained by the State that the other cities will have a very difficult time getting another approved point of discharge if another facility were built and that is controlled by the Federal Government. The other issue is financing to build a facility which is a challenge for the other cities.

Chairman Ward said that is the same situation with any good or service we purchase whether it's through a government agency or through a private business.

There were no further public comments and Chairman Ward closed the public hearing.

PUBLIC HEARING - Budget Adjustment FY 2013-2014 appropriating: \$3,971 donated funds received for the Annual Logan City Police Banquet – Resolution 14-31

Logan City Finance Director Richard Anderson addressed the Council and explained the proposed budget adjustment.

Chairman Ward opened the meeting to a public hearing.

There were no public comments and Chairman Ward closed the public hearing.

ACTION. Motion by Vice Chairman Simmonds seconded by Councilmember Daines to **approve Res 14-31** as presented. Motion carried unanimously.

PUBLIC HEARING - Consideration of a proposed amendment to the Logan Municipal Code Sections 2.48 (Surplus Property) and 3.04 (Purchasing) – Ordinance 14-28

At the May 6, 2014 Council meeting, Finance Director Richard Anderson addressed the Council regarding the proposed two (2) Code amendments.

2.48 Surplus Property – Proposed new language to the Surplus Property Code are as follows: *Surplus personal property may be sold to another governmental or not-for-profit agency directly (without public auction) with the approval of the Mayor and purchasing agent for estimated fair market value. Estimated fair market value will be determined by a commercially accepted method. Surplus personal property may be donated to any party after following the applicable Utah State codes.*

3.04 Purchasing – Proposed changes to the Purchasing Code are as follows:

- Remove the Local Business Consideration from the Code with the proposed following language in applicable evaluation criteria of Requests for Bids and Requests for Proposals.
“Special consideration may be given to bids and proposals documenting the contribution of the proposal to the local economy included but not limited to labor, subcontractors, use of local goods, supplies, or resources. The local economy is defined primarily as the boundary of Logan City and secondarily as the geographic area of Cache County.”
- Purchase Orders: All services, contracts, supplies, materials, and equipment of a value of more than ~~\$3,000~~ **\$5,000** shall be purchased with the authority of a written purchase order.
- Formal Competitive Bidding: If the purchase exceeds ~~\$15,000~~ **\$50,000**, formal competitive bidding procedures shall be used unless such purchases are made for an inventory warehouse. The purchasing agent shall call for competitive bids by giving reasonable notice of the City’s intent to receive sealed bids, describing therein the requested property or services needed, and the place where bid blanks and specifications may be obtained as well as the place, date and time when bids will be received and/or opened.

Chairman Ward opened the meeting to a public hearing.

There were no public comments and Chairman Ward closed the public hearing.

ACTION. Motion by Vice Chairman Simmonds seconded by Councilmember Olsen to **adopt Ord.14-28** as presented. Motion carried unanimously.

PUBLIC HEARING - Consideration of a proposed resolution approving the City of Logan Light & Power Department Rate Schedule #6 General Service-Distribution Voltage – Resolution 14-30

At the May 6, 2014 Council meeting, Light & Power Director Mark Montgomery addressed the Council regarding the proposed resolution. This schedule is for alternating current, single, or three-phase electric service supplied at the City’s available voltage through one kilowatt-hour meter at a single point of delivery for all service required on the premises, except by written permission of the Director of the Light & Power Department, or his assigned representative. All meters will be of the Demand Register type unless determined by City Electric Meter Department to be otherwise.

Proposed changes to the Power Factor adjustment applies only to customers with three phase service and **loads that exceed 200 kW for three (3) consecutive months**. This rate **adjustment** will be based on the Customer maintaining at all times a power factor between 95% lagging and 95% leading, or higher, as determined by measurement. If the Power Factor at the time of the monthly peak demand is found to be less than 95% lagging or leading, the monthly kilowatt demand, as recorded by the City’s meter, will be increased by ¾ of 1% for every 1% that the Power Factor is less than 95%. **These criteria will be reviewed annually or when requested by the customer.**

Chairman Ward opened the meeting to a public hearing.

There were no public comments and Chairman Ward closed the public hearing.

ACTION. Motion by Councilmember Daines seconded by Vice Chairman Simmonds to **approve Res.14-30** as presented. Motion carried unanimously.

WORKSHOP ITEMS:

Budget Adjustment FY 2013-2014 appropriating: \$383 for the Drug Task Force reserves; \$1,560 for Drug Task Force forfeitures; \$27,669 and \$384,988 for administrative fees charged to the Logan River Golf Course and Storm Water funds not previously charged; \$19,072 for the reimbursement of Street Department snow plowing costs at the Logan-Cache Airport – Resolution 14-34 – Richard Anderson, Finance Director

Logan City Finance Director Richard Anderson addressed the Council regarding the proposed budget adjustments.

The proposed resolution will be an action item and public hearing at the June 3, 2014 Council Meeting.

Consideration of a proposed resolution for the Logan River Golf Course to enter into a 48-month lease to replace existing golf carts beginning June 4, 2014 – Resolution 14-35 – Russ Akina, Parks & Recreation Director

Parks & Recreation Director Russ Akina addressed the Council regarding the proposed resolution. He stated that the Logan River Golf Course offers electric golf carts to patrons as a revenue service of the golf course. Sixty (60) carts of the existing fleet must be replaced to meet customer expectations and to sustain the Golf Course's revenue service. The leasing of new golf carts over a 48-month period at a rate of \$3,084 per month replaces an aging fleet, reduces operating cost and down time for repairs, parts, and labor. Funds have been appropriated in the current fiscal year to initiate the lease in the month of June and the budget is currently proposed in the 2015 fiscal year. The Parks and Recreation Department is requesting approval of the Council to enter into a 48-month lease for sixty (60) golf carts with said lease commencing June 2014. The cost of a new cart is \$3,300.

Councilmember Needham said the cost is less to lease the carts and asked how the company makes money with a lease rather than purchasing the carts.

Mr. Akina responded a lease is only for a certain amount of time and he is looking at long term and would like to stagger the replacement of the carts so it's not all at once.

Councilmember Daines said when the new clubhouse was built she was told that if we invest in a new clubhouse there would be more tournaments and people would rent out

the clubhouse, she has not seen this materialize. She feels we are already losing money on the golf course and the golf carts are another large expense. She would like to see updated information on the revenue of the golf course.

Mr. Akina said he will provide this information and it will take time for things to improve. Between 2012/2013 and now, the clubhouse has seen an increase in revenue but he would like to see this improve even more and he has confidence this will happen.

Mayor Petersen said the clubhouse was remodeled to enhance for extra services and the golf carts are to maintain status quo. The question is how is the best way financially to do this and have carts that are reliable.

Councilmember Daines feels we still could have run the golf course without a new building.

Mayor Petersen agreed.

Mr. Akina reported the golf course is doing well at this time. The course is impacted by seasonal conditions and fortunately this year the conditions have been favorable.

Councilmember Olsen said he recently talked with the golf course pro and he stated we are having a record March and April.

Councilmember Daines said she would be interested to know how the tournaments have increased and how the rental of the facility has increased since the new clubhouse was built.

Mr. Anderson said the golf course looks at the season (February-October/November). As a City we look at the course on a fiscal year basis and the course is still struggling but is improving. He feels at some point the course will cover its costs but there are still concerns. The carts are an additional concern but the carts are also a very important revenue source and we need to be protective of cart rental.

Chairman Ward indicated that our golf course is not the only one that is struggling and courses overall have a hard time covering their costs.

The proposed resolution will be an action item and public hearing at the June 3, 2014 Council Meeting.

Cache Valley Transit District (CVTD) Funding – Todd Beutler, CVTD Director

CVTD Board Member Doug Thompson addressed the Council regarding a ballot measure for the election in the Fall of 2014. He said the vast majority of people in Cache Valley have a positive notion of the CVTD and the services it offers. Ridership is increasing steadily and the sales tax is not keeping up with the demand for services. The CVTD has been able to get funding from the federal government but they have also been told they should not depend on that funding in the future. The CVTD is at a trend that if things continue as they are there could be a deficit and they don't want to curtail their

services. He asked the Council if they would consider putting a measure on the Fall election ballot and ask voters for a sales tax increase of a quarter of one percent to continue funding CVTD operations.

Vice Chairman Simmonds asked Mr. Thompson to explain why the quarter percent is needed.

Mr. Thompson responded the CVTD already received a quarter of a percent of sales tax from the various cities, which provides the majority of the district's funding. However, CVTD also relies heavily on federal funds to support itself and they are seeing a significant shrinkage in those federal funds. The CVTD wants to look forward and be prepared for the future. The CVTD will also meet with other cities and make this same request. They would like to expand routes and would also like to implement an automated vehicle location system using a smart phone to see when the bus will be arriving at a certain stop. The increase will be applied only to the cities that pass a resolution for approval. This is a tax increase and will need to go to the voters. There has been consideration to implement a paid ridership. The problem with that is the breakeven point, if a fare is charged it will defeat the purpose of the bus system because they will not be able to service the groups that ride the bus. The CVTD feels it's important to keep the bus service fare free.

Councilmember Daines said sales tax will be a variable number and sales tax on food is exempt but her concern is the increase of the school bond, property taxes, the water treatment facility and others that will hit people hard financially and that is her concern.

Mr. Thompson said taxes are a concern for all of us but when is there going to be a good time for a tax increase. This has been examined for over two years and the CVTD feels now is the time to request this increase. Market research has been done in the community and the response has been favorable.

OTHER CONSIDERATIONS.

There were no further considerations from the Mayor or Council.

ADJOURN

There being no further business to come before the Council, the meeting adjourned at 7:00 p.m.

Teresa Harris, City Recorder