

Adopted Minutes
Spanish Fork City Council Meeting
June 21, 2005

The meeting was called to order at 6:04 p.m. by Mayor Dale R. Barney. The pledge of allegiance was led by Councilmember Barber.

Elected Officials Present: Mayor Dale R. Barney, and Councilmembers Matthew D. Barber, Paul M. Christensen, Everett Kelepolo, Seth V. Sorensen and Chris C. Wadsworth.

Staff Members Present: David A. Oyler, City Manager; S. Junior Baker, City Attorney; Emil Pierson, Planning Director; Richard Heap, Engineering/Public Works Director; Richard Nielson, Assistant Public Works Director; Kent R. Clark, Finance Director/Recorder; Seth J. Perrins, Assistant City Manager; Dale Robinson, Parks and Recreation Director; Dee Rosenbaum, Public Safety Director; John Bowcut, Information Services Director; Jeff Foster, Electric Department Superintendent; Jamie Chappel, Fire Chief; Connie Swain, Deputy Recorder.

Citizens: Diana Butler, Royden Hill, Rodger L. Hardy, Karen Muhlestein, Harold C. Ostler, Allen L. Davis, Deon Scott, Mary Isaac, Bryan Redd, Ginger Gilbert, Charles Gilbert, Ron Mortimer, Jason Cluff, Judy Woodhouse, Richard Moss, S. David Jackson, Glenn Way, Thora Shaw, Gerald Hill and Jenny Baadsgaard,

Employee Retirement Recognition - Louise Nuzman

Mayor Barney recognized Louise Nuzman, Library Director. She will be retiring this month. Mrs. Nuzman has been with Spanish Fork City for more than 16 years and has done an outstanding job. Mayor Barney awarded Mrs. Nuzman with a certificate of recognition and a round of applause was given.

New Employee - John Little

Mayor Barney recognized John Little, recently hired as a building inspector for the city. Mr. Little is the newest employee for Spanish Fork City. A round of applause was given.

Fiscal Year 2006 Budget Adoption

Mr. Oyler reviewed a couple of minor changes to the budget since it was last presented. Updated copies of the budget were provided. He said there have been changes in the property tax calculations. He asked Mr. Clark to explain the change.

Mr. Clark said recent legislation changed the way property taxes are determined. He reviewed the process through which the property tax rates are calculated based on what is budgeted. Mr. Clark provided information from the County giving us our valuation compared to the prior year. The difference is new growth. The new growth within the city will add approximately \$49,000 and \$50,000 to the budget. Mr. Clark recommended amending the property tax amount in the General Fund to \$847,338 and lowering the property tax redemption and penalties by the same amount to maintain the General Fund balance.

Councilmember Wadsworth asked concerning the energy sales tax. Do we mark up electricity charges to the consumer by the amount referred to as an energy sales energy tax? It appears that we are buying electricity at one rate and selling to the citizens at another rate. He asked if we are double taxing the citizens.

Mr. Oyler reviewed the energy sales tax. It is similar to the tax charged on natural gas and telephone and franchise tax. Mr. Oyler said perhaps the energy tax is mislabeled. Mr. Oyler said it is not a sales tax per say it is an energy tax. There is also a sales tax on electricity and the bulk goes to the State. The energy tax rate is 6 percent and it all goes to the city.

Councilmember Wadsworth asked if the tax in question should be labeled as a municipal energy tax. He asked how the City Council would feel about adjusting the municipal energy tax rate.

Councilmember Barber asked if the energy tax will be figured into the rate study.

Mr. Oyler said not really. This tax is a source of revenue to the general fund. If the tax rate is reduced then another revenue source for the general fund is needed or expenditures will need to be adjusted. It would be better to adjust the electric fund and leave the general fund whole.

Mayor Barney said there are certain funds needed for the operations of the city.

Councilmember Christensen asked if we are the only city charging an energy tax.

Mr. Oyler said a couple of the cities charge less than 6 percent, but the majority of the cities in the State charge 6 percent.

Councilmember Barber asked if we invest in our own utilities are we required to charge an energy tax like Utah Power and Light.

Mr. Oyler said it would be up to the city to charge the energy tax. He said in cities such as Orem or American Fork they would charge the assessment not Utah Power and Light.

Councilmember Sorensen said no one objects to saving money. However, there are services such as public safety which do not generate funds and require large operation funds.

Councilmember Wadsworth asked if this tax is not part of the rate study do we need to wait and discuss this issue after the rate structure study comes back.

Mr. Oyler reviewed the budget process. The time for rate structure adjustment discussions should take place while the budget is being developed. By State law the budget was presented to the City Council in May to allow time for study and discussion of the budget. The discussion period has passed. Mr. Oyler said it would be difficult to make the adjustment tonight. The best time to look at a rate adjustment is before the next budget revision.

Councilmember Wadsworth asked if the City Council needs to wait for the rate study.

Mr. Oyler said the City Council can discuss a rate adjustment at any time. A work session can be called at any time. They do not need to wait for the utility rate study.

Councilmember Sorensen said it is a great idea to look at these things. The budget is there to reflect the feelings of the City Council. In January when the budget is being developed is when the City Council sets out their priorities. Since that time the City Council has had the opportunity to meet with Mr. Oyler and any other members of staff to discuss possible changes.

Mr. Oyler said the budget is a living/working document. For example, there are projects which will not be completed during this month in the 2005 Fiscal Year Budget and will be carried over and become part of the 2006 Fiscal Year Budget revision just as any other adjustments will be.

Councilmember Sorensen made a **motion** to adopt the Fiscal Year 2006 Budget as presented. Councilmember Christensen **seconded**, and the motion **passed** with a majority vote.

Mayor Barney requested a roll call vote beginning with Councilmember Wadsworth.

Councilmember Wadsworth voted nay and read the following statement giving the reasons for his vote.

1. ***Employee retirement. I disagree with the 17.99 % (6.81% 401K portion) contribution rate paid to non-public safety employees.***

Principle 1: *The creation (government) should not exceed the creator (citizens); citizens should not be forced to bestow benefits to employees that they themselves do not receive.*

Principle 2: *Government should not exist for the benefit of those who work for it. It's only legitimate purpose is the protection of the citizens' life and property and to provide them service.*

Principle 3: *Government officials should spend tax dollars as if they were their own, provided that they are fiscally responsible.*

Principle 4: *Government should not advantage one individual or group at the expense of another.*

*When more of the people's substance is exacted through the form of taxation than is necessary to meet the **just** obligations of the Government and the expense of its economical administration, such exaction becomes ruthless extortion and a violation of the fundamental principles of a free government.*

(President Grover Cleveland, Second Annual Message, December 6, 1886; Messages and Papers 8:509)

2. ***New Ball Park. I disagree with the decision to build a new ballpark at this point in time. I believe it would be more prudent to first fully utilize all the fields at the respective schools that the citizens have already paid for with their property taxes. The problem of poorly maintained fields that supposedly pose a hazard to players can also be fixed so that school children are not at risk. Impact fees could potentially be used for a bubble on the pool so as to provide year-round swimming for residents.***

3. ***Energy Sales Tax (Electricity)***

Is it true that the amount the city is marking up electricity (assessed rate) is considered to be a sales tax? If not, how would you define it? If it is defined as a sales tax, then the city is double-taxing the citizens with the Energy Sales Tax (electricity). Why is it right to double-tax the citizens?

When are we as a council going to look at reducing the energy sales tax (electricity) to citizens and reducing it like we did the telecommunications tax?

Councilmember Sorensen voted aye.

Councilmember Kelepolo voted aye.

Councilmember Christensen voted aye.

Councilmember Barber made the following statement after which he voted nay.

1. *Sound policy requires that leaders consider long-term effects and all people, not simply short-term effects and a few people.*

I feel that it is our responsibility, as elected officials, to prioritize the spending of taxpayer money and that our first priority needs to be essential services. Namely public safety, sewer, water, electric, storm drainage, streets/sidewalk replacement. I feel this budget completely under funds sewer, water, and street replacement.

2. *The purpose of budgeting is to have a robust, public debate where all the facts are laid out before the citizenry and then the elected officials decide which activities should or should not be funded.*

I feel like we have not had the robust, public debate that we should have had prior to deciding the priorities laid out in the budget. It is obvious that the electric fund revenue is what allows us to continue to maintain the level of service we currently provide. I think we as a community need to determine how long can we sustain transfers from the electric fund of over one million dollars before we either increase taxes or rates or we cut back on nonessential services until our sales tax revenue can sustain those services. At this point I can't continue to approve spending that increases the size and cost of nonessential services, until we have had an open, honest debate that includes public input on what level of service the citizens are willing to pay for.

New Planning Commission Member Appointment and Definitions of Terms

Mayor Barney appointed Sharon Miya to replace Councilmember Wadsworth on the Planning Commission.

Councilmember Kelepolo made a **motion** to approve the appointment of Sharon Miya to the Planning Commission. Councilmember Sorensen **seconded**, and the motion **passed** with a unanimous vote.

Icelandic Committee Sesquicentennial Presentation

Thora Shaw said it is her pleasure to be here. Many citizens have noticed the changes taking

place on the Icelandic Memorial. At the time the Icelandic Committee appeared before the City Council and requested to improve the Icelandic Memorial there were no funds available. Bruce Hall was appointed as the project manager. The number of volunteers funds and services have been amazing. The black rock placed in the area represents the area where the majority of Icelanders were converted to the L.D.S. Church. The rock was selected from this area and shipped to New York and delivered here. The volunteers have been fantastic and diligent. A wall of honor lists the names of those Icelanders who came to the area from 1855 to 1914. Grant funds were also received. One grant designated how the funds would be spent including a story book trail with bronze plaques retelling the story. Also, 115 residents are coming from Iceland to participate in the celebration. There will be events during the week. She is humbled to feel that we as an organization were able to schedule President Gordon B. Hinkley to dedicate the monument. Since President Olafur Ragnar Grimsson came here in 1977, he and President Hinkley have built a wonderful friendship. This is an honor to Spanish Fork and the Icelandic citizens. She presented seating tickets to the City Council for the dedication ceremony and thanked the City Council for their support.

Mayor Barney said this is another instance where volunteers have come in and helped the project to be a success. Mrs. Shaw and the committee were thanked and a round of applause was given.

6:30 p.m. - Councilmember Barber was excused from the meeting.

Agenda Request - Ray Morley - Mill Road Traffic Study (Tabled from May 17, 2005)

Mayor Barney reminded those in attendance that this is not a public hearing. The members of the City Council will be available for discussion before any decisions will be made.

Mr. Glenn Way was present on behalf of Ray Morley. Mr. Way said they were asked to acquire a traffic study and contacted Horrocks Engineering to conduct the study. John Mortimer from Horrocks Engineering is present to review the traffic study of Mill Road and the surrounding area of the Charter School.

Councilmember Wadsworth said he would need to recuse himself since he is the public relations officer for the Charter School.

Mayor Barney said State law indicates that a member of the City Council can state his connection to an agenda item of discussion but he can still participate in the discussion.

7:40 p.m. - Councilmember Wadsworth stepped down from his seat with the City Council.

Mr. Mortimer reviewed a PowerPoint presentation consisting of a site plan review, the traffic volumes reviewed per street in the area, traffic signal needs, the year 2010 projected levels of service and suggested improvements to increase capacities. He said there is currently adequate capacity to accommodate the school traffic.

Mayor Barney said he is a resident in the area. Mill Road has been a hazard for a long time. The road has got to be widened before access is increased.

Councilmember Kelepolo asked if the capacity amount includes any use of the road such as those

who just drive a small section to access other areas.

Mr. Mortimer said the traffic study includes all traffic on the roads.

Mayor Barney said Mill Road has too many choke points.

Mr. Mortimer said if there is a problem with a road it may need to be brought to current standards. This project will add traffic to Mill Road. The City needs to decide how they view the future of the road.

Councilmember Sorensen said there also needs to be a review of property lines. It is difficult to tear up front yards to make improvements.

Mr. Mortimer said the city needs to look at the road in its entirety.

Mayor Barney said he appreciates the traffic study but in his opinion the road is too dangerous to allow access.

Mr. Mortimer said the capacity of Del Monte is 12,000 vehicles per day and can be increased to 15,000 with minor improvements.

Councilmember Kelepolo said Del Monte could then handle all of the school traffic.

Mr. Mortimer concurred. Del Monte could handle more than the school traffic.

Councilmember Kelepolo said the idea at this point was to allow emergency access only.

Mr. Way said during the access onto Mill Road discussion the city asked for the study to be completed. They think anything done in the area should be engineered correctly. The study was preformed according to city standards.

Councilmember Kelepolo asked Mr. Way if they are requesting an access to the school from Mill Road.

Mr. Way said he is not sure what Mr. Morley intended to ask. Mr. Morley has had complete authority to develop this property. He said in a meeting yesterday the discussion included looking at diverting traffic from Mill Road. He thought the city's position was to allow no additional traffic onto Mill Road. Mr. Way said when the project was being considered the developers were considering two other sites. The developers were encouraged by the city to take this blighted area and make it nice for the community. This has been their concept. They are willing to eliminate access onto Mill Road and bring in piping and improve the area. They want to improve and develop the whole area and want to be good neighbors. They have discussed creating a school policy for how students come and go from the school with possible crossing and traffic guards. They would like to avoid a bunch of jersey barriers on the site.

Councilmember Sorensen said residents have contacted him and said they were told by the school that there would be no access onto Mill Road.

Mr. Way said they understood the wishes of the city was not to use Mill Road and they told residents this. He said they are moving the Jack Parsons' company within 60 days. After receiving approval from the State in January they have made a lot of progress in a short amount of time.

Mayor Barney said another aspect to the project is we are losing \$50,000 in revenue.

Councilmember Christensen said Mill Road is a country road. He said he viewed the area today. Upon leaving the school area by way of Mill Road he had driven only 50 feet when he met an H.E. Davis truck and was forced to drive on the dirt to let the truck pass. He is opposed to allowing any access onto Mill Road from the Charter School area with the current status of the road.

Mr. Mortimer reviewed the options to divert traffic from Mill Road. The only way to insure there will be no traffic from the school onto Mill Road is to close off the access completely.

Mr. Pierson said when the Charter School was reviewed by the City Council and the Planning Commission it was approved upon several conditions. One of the conditions being no access onto Mill Road other than an emergency access. He asked if the traffic study took into consideration the current and future developments in the area.

Mr. Mortimer said the traffic study accounted for all current and future projects. There is capacity available on Del Monte to handle the development.

Mayor Barney said it would be well to have the property owners participate in the vision and future plans for the area.

Mr. Mortimer said some residents in the area would be opposed to improvements to the road and some would be in favor.

Councilmember Kelepolo asked if the traffic study was requested by the city.

Mr. Heap said at a meeting with the public it was requested by the city and residents that we do a traffic study.

Councilmember Kelepolo asked Mr. Baker if this is an action item.

Mr. Baker said the item should be rescheduled before action is taken. He said if the City Council does not want to change the conditions of approval for the Charter School then nothing needs to be done at this point.

Councilmember Wadsworth returned to his City Council seat.

Public Hearing - Fiscal Year 2005 Budget Final Revision

Councilmember Kelepolo made a **motion** to open the public hearings. Councilmember Christensen **seconded**, and the motion **passed** with a unanimous vote.

Mayor Barney reviewed the procedures for the public hearings.

Mr. Oyler reviewed the budget process. This is the final revision for the fiscal year 2005 budget. He reviewed the motor pool adjustments reflecting the actual usage, vehicle repairs and expenditures.

Mr. Heap reviewed the Public Works/Engineering fiscal year 2005 budget revisions.

Mr. Robinson reviewed the Parks and Recreation fiscal year 2005 budget revisions.

Councilmember Wadsworth asked for the amount of restaurant tax funds the city received from the County.

Mr. Robinson said the city received \$17,700 of the restaurant tax funds. More funds were requested but only the amount allotted to each city was granted. Mr. Robinson continued reviewing the Parks and Recreation budget revisions and projects carried over.

Chief Rosenbaum reviewed the Public Safety Department fiscal year 2005 budget revisions.

Mr. Clark reviewed the General Fund Revenue for the fiscal year 2005 budget revision regarding taxes.

Councilmember Wadsworth asked if the telecommunication tax includes land lines and wireless phones.

Mr. Clark said previously the tax included just land lines but now includes cell phones as well.

Councilmember Wadsworth asked how much of the sales tax comes from tax on food.

Mr. Clark projected that 1/3 of the sales tax is generated from tax on food.

Councilmember Wadsworth asked for the results if Governor Huntsman's proposal to eliminate tax on food if approved.

Mr. Clark said hopefully the task force will make allowances for cities. He continued reviewing the General Fund Revenue revisions. He also reviewed a new fund called the Capital Projects Fund to manage the expenses for projects taking place over several years. The capital facilities plan anticipates the public safety/courts building project.

Mayor Barney opened the meeting for public comment. None was given. The public comment portion of the hearing was closed and Mayor Barney opened the hearing for City Council discussion.

Councilmember Wadsworth asked Dave Jackson to express his ideas regarding the salary survey.

Mr. Jackson said the salary survey is a valid tool to measure compensation. He said he has not seen the survey and does not have enough information to give specific comments. It is a useful

tool and the city should use such a tool to determine appropriate compensation. It is up to the City Council to determine the tool to be used.

Councilmember Wadsworth asked concerning the vendor having the data online and being biased.

Mr. Jackson said the survey is only as good as those who write it. If the City Council is not comfortable with the data, then they should acquire a survey from another provider. However, before expended excessive funds, at some point the City Council needs to settle into the data received.

Mayor Barney said a decision was made by the majority of the City Council to accept the current salary survey.

Councilmember Wadsworth said he has not had a chance to discuss some of his concerns with an expert. This is what he was hoping for tonight and to see how we can make this a better survey.

Councilmember Kelepolo said it depends on what you are trying to accomplish. A decision has come from the City Council. He said he is aware of Councilmember Wadsworth's concerns. As far as health benefits we are lowest and as far as retirement benefits we are not the highest. We are on the middle ground.

Councilmember Wadsworth asked Mr. Jackson where we are with regard to retirement.

Councilmember Kelepolo said we also need to validate health insurance costs.

Mr. Jackson said he has not seen any numbers for compensation as a whole. The compensation discussion should look at the total package. You cannot take out a component and rally a cry. He cautioned that the rally cry for retirement benefits is in reality not 17.9 percent but the difference in the 11.09 required by the State and the 17.9 percent. The real question is what is the total compensation. He is employed by the city and works for the City Council. Instead of talking about the fringe issues he said he would study the whole benefit package. The city is very comparable and over all we are less than other cities due to health insurance costs. You can debate on little slices of the benefits all day long but the issue is the total benefit compensation and where Spanish Fork is on the scale. If it is determined that Spanish Fork is in the top 33 percent of the scale then the discussion should be if we want to be at that point on the scale. He said his firm is in the top 10 percent of the compensation scale since they do not want to lose key people. He is aware of employees' salaries and the executive team is possibly paid higher. The issue is that they are very skilled and could work in any city or industry.

Councilmember Wadsworth asked what would be a good control group of cities for Spanish Fork to compare with.

Mr. Jackson said all Utah County cities are a good comparison because we are competing with those cities for people to employ. He reviewed the numbers briefly. The reality is not the fight over the 17.9 retirement but the difference between the required 11.9 and the 17.9. There is not much of a savings if the retirement benefit is reduced or eliminated. The City Council needs to

look at the complete benefit package. If the benefits are reduced, are we going to attract and retain key employees to deliver the level of service. Salary, wages and all benefits of being employees should be included in the discussion.

Mayor Barney said we have had this discussion many times. This City Council decided to accept the current salary survey.

Councilmember Wadsworth asked where the burden of the citizens to bear the cost of benefits is figured into the survey.

Mr. Jackson said hopefully that is reflected by the City Council, who are elected to represent the citizens. There are people who look at benefits and think they are excessive but more important is how people will feel if the goods and services are not delivered at a level they would desire. Spanish Fork City is a very well run city. He is employed by many cities in the State and he has seen issues other cities are dealing with we are not because the city is well managed and operated. This does not happen accidentally. There are obviously very qualified and talented individuals administering the functions of the city. Mr. Jackson said he is a very conservative person and feels all issues need to be debated but people's opinions change when the level of the services drop. The reality is the city is running very well. He said it appears the city administration is doing what is requested of the City Council.

Councilmember Wadsworth said his last question is where does job security figure in as well.

Mr. Jackson said it is a consideration and should be part of the discussion. You can argue different directions. Some cities offer the same services as Spanish Fork with 40 more employees. The employees are obviously carrying their load. Government employees are traditionally making less than those in the private sector but the gap is narrowing. There is no question that the skilled employee can make more in the private sector.

Councilmember Kelepolo said the reality is we save 1.6 million dollars with 40 fewer employees who are carrying more than their weight in responsibility.

Mr. Jackson said, being an employer himself, he sees that with 30 percent fewer employees there are very few who are not producing here. Springville City is the best comparison with 40 more employees.

Councilmember Kelepolo said another misconception is that we pay our employees the highest salary. This is not true. We take the average salary and build the salary range upon the average.

Councilmember Sorensen said the raises received by employees are not automatic. It is based on merit. This has also been a misconception.

Councilmember Christensen said this decision has been made. We have been talking about this issue for a year and a half. We provide more services with less employees who take pride in the jobs. We pay them more so they will stay with Spanish Fork. We are not competing with Sandy. We deliver the best services to provide health and safety for the citizens that we can. He said he is tired of listening to the same comments. He has not heard from citizens who are not pleased

with the services of the city and the benefits provided to employees to receive those services. People are still moving into the city so there must be something right.

Councilmember Sorensen said all members of the City Council want what is best for the city.

Councilmember Kelepolo said he agrees with the current salary survey.

Councilmember Kelepolo made a **motion** to take a five minute recess. Councilmember Sorensen **seconded**, and the motion **passed** with a unanimous vote.

8:00 p.m. - recess

8:05 p.m. - reconvene

Public Hearing - Gerald Hill Annexation - 1000 North 300 West

Mr. Pierson said this is a request by Gerald Hill to annex 66 acres. A portion is located within the growth boundary and all is within the policy declaration boundary. Mr. Hill is requesting to annex in order to build a home on the northeast section of the property. Mr. Hill has contacted the property owners and most have signed the petition and none have appeared to oppose the annexation. The Development Review Committee reviewed the request on June 1 and recommended approval subject to the three conditions listed. The Planning Commission also reviewed the requested and discussed the issue in great detail including concerns as to why some property owners have not signed the petition. Mr. Pierson said Mr. Hill has since then talked with them and found none to be opposed to the annexation request.

Mayor Barney opened the hearing for public comment. None was given. The public comment portion of the hearing was closed and opened for City Council discussion.

Councilmember Wadsworth asked Mr. Hill concerning his discussions with the neighbors.

Mr. Hill said there are four property owners who have not signed the petition. He has talked with the Sorensen family, with Merrill, Richard and Mark Binks and they are all okay with the annexation. He said if he had taken the petition with him he is certain they would have signed it. The Bigley property owner operates a private school and since school has been out he has been unable to contact him.

Councilmember Kelepolo asked for the legal obligation concerning opposition to the annexation.

Mr. Baker said the law requires the majority of the land owners and half of the value of the property to sign the petition. We usually get 100 percent of the property owners to sign but not always.

Mayor Barney asked if they were notified of the public hearing.

Mr. Pierson said notices were sent as per State law.

Mr. Hill said his family owns most of the land within the petition. They have no plans to change the property other than to build a home for his son and hook to city water and sewer. They could have gone through the County for the request but preferred to work with the city.

Mayor Barney asked for the properties within the annexation area that are serviced by city water.

Mr. Hill reviewed the location of the water line and those connected to city water.

Mr. Pierson said all properties are serviced by city power. He talked with one of the property owners, Shane Sorensen, who is familiar with annexations. He is not opposed to the annexation for any specific reason but prefers not to sign the annexation. Another property owner adjacent to the Hill annexation area asked to be included in the annexation. Mr. Pierson said he advised them to request to be annexed in a separate annexation request.

Councilmember Kelepolo asked if we can make the annexation contingent upon the other property owners signing the petition.

Mr. Pierson said if the annexation is approved all of the properties must be annexed in order to avoid creating an island, which is not acceptable.

Mr. Baker recommended not making the annexation contingent upon the other signatures. The entire annex area must come into the city or it does not. By law we just need the majority of the property owners to sign the petition.

Councilmember Wadsworth asked why the property owners would not be willing to sign if they are not opposed to the annexation.

Councilmember Kelepolo asked for the results if they commit to sign the annexation petition and then they do not. We want to make sure it is fair.

Mr. Baker said in the past those who have not been in opposition and not in favor of an annexation petition, have stated they just do not want to sign the petition and give no specific reason.

Councilmember Wadsworth said he is concerned that we do not encroach on property owners' rights.

Councilmember Kelepolo asked if it would be appropriate to continue this item to allow Mr. Hill time to acquire the other property owner's signatures.

Councilmember Wadsworth agreed. He asked Mr. Hill to state his planned use for the property.

Mr. Hill said he has no plans to change the use of the property. He and his children run a cattle operation and at this time his children are very involved. He also has no plans to develop the property at this time. He could not say that if someone offered him a high amount for his property he would not sell.

Councilmember Kelepolo said he does not want a property owner to come back and say the annexation is not okay. He asked if we could table this item.

Mr. Baker recommended closing the public hearing if this item is to be tabled.

Councilmember Sorensen concurred. He also said he favors the annexation.

Councilmember Christensen said Mr. Hill has done what was asked of him by the Planning Commission.

Councilmember Kelepolo made a **motion** to close the public hearing. Councilmember Wadsworth **seconded**, and the motion **passed** with a unanimous vote.

Councilmember Kelepolo made a **motion** to table the Gerald Hill Annexation until July 5, 2005. Councilmember Sorensen **seconded**, and the motion **passed** with a unanimous vote.

Utility Restriction

Mr. Pierson said in May 2004 the City Council imposed a utility restriction on new preliminary plats and building permits due to the limited sewer capacity at the water treatment plant. An upgrade of the water treatment plant is being designed and implemented with financial participation by Mapleton City. Mapleton City has lifted their restriction and currently issuing new building permits. Developers are aware of the upgrade and asking when the restriction will be lifted. Mr. Pierson reviewed four options at this time concerning the utility restriction. The first option is to lift the utility restriction immediately. The second option is to lift the restriction when the upgrade is designed. The third option is to lift the restriction when the project is put out to bid. The fourth option is to lift the restriction when the project is completed. This proposed upgrade will increase the plant's mgd to 6.4 which allows capacity for 44,380 in population. Mr. Pierson said lifting the restriction now would allow new subdivisions to be submitted over a longer period. When there are lengthy restrictions the proposed preliminary plats are many and cause a heavy work load. If the restriction is lifted at this time, it take six months for city staff to review the proposal and four months for approval. It would be eleven months before any new building permits would be issued. Based in this information Mr. Pierson recommended lifting the utility restriction now.

Mayor Barney asked how many units the upgrade would allow.

Mr. Pierson said the upgrade would allow for 3,075 new units.

Councilmember Wadsworth asked how prudent it is to lift the utility restriction before the General Plan is completed.

Mr. Pierson said lifting the utility restriction only effects properties within the Growth Boundary. This will have no effect on the General Plan changes being discussed.

Councilmember Kelepolo said we are guesstimating on the cost of the upgrade. He is more in favor of the second option. This allows us to wait until we get more accurate cost estimates for

the water treatment plant up grade.

Councilmember Sorensen said he prefers somewhere between the second and third option.

Mr. Pierson recommended the first option based on the fact he is a one man show and continuing the restriction will only increase the number of subdivision applications received when the utility restriction is lifted. He said he is fielding many questions from developers.

Councilmember Kelepolo said he would rather wait to lift the moratorium until after a more accurate cost estimation is available.

Mr. Heap said a good cost estimate for the water treatment plant upgrade will be available by November, after bids are received.

Councilmember Wadsworth said he prefers somewhere between the second and third option but more toward the third option.

Councilmember Kelepolo made a **motion** to deny the utility restriction being lifted at this time but to be reconsidered in November when the project is bid out. Councilmember Sorensen **seconded**, and the motion **passed** with a majority vote. Councilmember Christensen was opposed to the motion.

Public Safety Report - Lieutenant Steve Adams

Chief Rosenbaum said earlier this year each department made presentations to the City Council. At that time the Public Safety Department was given an assignment to present last year's statistical report.

Lieutenant Adams began the presentation by reading the Public Safety Department mission statement which is available on the city's website. He reviewed the organization of the Public Safety Department. He also reviewed the calls received by phone and dispatched to officers from 2000 to 2004, incidents reported, stolen and recovered property, and other crime comparisons including domestic violence, criminal mischief, shoplifting and sexual assaults. The presentation also included the total number of arrest, moving and non-moving violations since 2000. The number of traffic accidents ranged from 640 to 625 between 2000 and 2004.

Councilmember Kelepolo asked if Spanish Fork Police Department responds to accidents on Highway 6 or if it is the Utah County Sheriff's Department.

Lieutenant Adams said Spanish Fork Police Department responds to accidents on Highway 6 to the mouth of Spanish Fork Canyon. He continued with the presentation including the number of animal control issues. He also reviewed the information and access provided on the city's website.

Mayor Barney thanked Lieutenant Adams for the presentation.

BFI Contract

Mr. Clark said the city received bids for garbage services. BFI submitted the lowest bid and the contract has been prepared and copies provided to the City Council. This is a five-year contract with an option to renew. Mr. Clark reviewed the contract. The cost will increase, however, the charge to the residents will remain the same. Discussions are ongoing by the Utility Board concerning recycling. Recycling services will not be tied to the BFI contract if another option is more feasible.

Councilmember Wadsworth asked if it was BFI or Waste Management who said everyone participates in recycling or no recycling services will be provided.

Mr. Clark said there are options for mandatory recycling services or elective recycling services.

Councilmember Sorensen made a **motion** to approve the BFI contract as presented. Councilmember Wadsworth **seconded**, and the motion **passed** with a unanimous vote.

Blue Stakes Contract

This item was not ready for discussion.

Selling of Property to Charter One

Mr. Heap said at one point Spanish Fork City owned the property fronting the property in question. Valley Asphalt purchased the property up to the canal bank. When Charter One purchased the property, it was discovered that the city still owned a section of property along the canal. Charter One requested to purchase the property and an appraisal was ordered. The property was appraised by Blaine D. Hales indicating a value of \$27,000 for the section owned by the city. The appraiser separated the property into three sections to help determine the appraised value.

Mr. Way said when they purchased the property, they assumed it to include the canal property. They knew there was an easement for the canal. It was a surprise when it was determined that the city owned a section of the property along the canal. He said when he received the appraisal he called Mr. Baker and expressed his concerns. One area in which he disagrees with the appraisal is that the value of the land is based on the value with the improvements Charter One has made. He disagrees with the assessment that the city controls a portion of the property due to the easement. The canal company has access to the easement and the property cannot be developed as long as the easement exists. They are in the process of piping the entire canal on the property. If he had time he would call and get another appraisal. If the property is valued at \$75,000 per acre, it is only worth that if there is no easement on the property. They are piping the canal to protect children in the area.

Mayor Barney said it makes sense to move and pipe the canal.

Mr. Way concurred. He said they have every intention to move and pipe the canal at a cost of \$300,000 which will eliminate the easement. They understand the city has to be compensated for the value of the property. He said he is not sure what to offer right now. He said he would be happy to pay \$10,000 for the property and he made that offer.

Mayor Barney said the city spent money for an appraisal. We can speculate and maybe not agree with the appraisal but the facts are there.

Mr. Way offered to acquire another appraisal. He said he would pay the difference between the two appraisals.

Councilmember Kelepolo said he cannot see a problem with receiving another appraisal but not committing to a price at this time.

Mr. Way said he feels the current appraiser is a good appraiser but would like a second opinion.

Councilmember Kelepolo asked if we are obligated to open the property purchase up to the public since it is owned by the city.

Mr. Baker said this is a new statute and this is a gray area. The city should receive an amount near the appraised value for the property but is not required to open it up to the public for purchase.

Councilmember Sorensen said he agrees with receiving a second appraisal.

Councilmember Christensen asked if the city will know the second appraisal amount.

Mr. Way concurred.

Councilmember Christensen asked why the title company did not catch the fact that the city owned a portion of the property during the closing.

Mr. Baker said the information was discovered at closing.

Councilmember Christensen agreed with receiving a second appraisal.

Mayor Barney said land values are skyrocketing.

Mr. Way said with the improvements they are making, they are increasing the value of the property.

Councilmember Kelepolo made a **motion** to table the selling of property to Charter One issue for two weeks. Councilmember Sorensen **seconded**, and the motion **passed** with a unanimous vote.

Crack Seal Machine Interlocal Agreement

Mr. Heap said the budget includes \$25,000 for a crack seal machine. Salem City and Mapleton City would like to participate in the purchase of the crack seal machine and share the usage. The obligation by each city is based on population. Spanish Fork City's share of the contract will be \$17,423.15 and 65 percent of the maintenance costs. Mr. Heap recommended entering into the contract for the crack seal machine.

Councilmember Christensen asked how it is decided when each city uses the crack seal machine.

Mr. Heap said we will only need the use of the crack seal machine two or three weeks during the year. Scheduling should not be a problem.

Councilmember Wadsworth asked what the maintenance costs will be.

Mr. Heap said there are few moving parts and maintenance costs, especially in the near future, will be minimal. The only costs he could foresee would be if the machine is not properly cleaned following usage.

Mr. Baker said legally if a city is negligent while using the crack seal machine they would be responsible for the repairs.

Councilmember Kelepolo made a **motion** to accept the Crack Seal Machine Interlocal Agreement as presented. Councilmember Christensen **seconded**, and the motion **passed** with a unanimous vote.

Fiscal Year 2005 Budget Final Revision Adoption

Councilmember Kelepolo made a **motion** to approve the Fiscal Year 2005 Budget Final Revision. Councilmember Sorensen **seconded**, and the motion **passed** with a majority vote. Roll call vote: Councilmembers Christensen, Kelepolo and Sorensen voted aye. Councilmember Wadsworth voted nay.

Adjourn to Redevelopment Agency Meeting

Mr. Kelepolo made a **motion** to move into the Redevelopment Agency meeting. Mr. Sorensen **seconded**, and the motion **passed** with a unanimous vote.

Adjourn to Executive Session

Councilmember Wadsworth made a **motion** to close the Redevelopment Agency public hearing and adjourn to the Executive Session of City Council meeting to discuss property acquisition issues. Councilmember Kelepolo **seconded**, and the motion **passed** with a unanimous vote. The meeting adjourned at 9:35 p.m.

Connie Swain, Deputy Recorder

Approved: July 19, 2005