

**SANTA CLARA CITY COUNCIL MEETING
WEDNESDAY, DECEMBER 12, 2018
MINUTES**

THE CITY COUNCIL FOR THE CITY OF SANTA CLARA, WASHINGTON COUNTY, UTAH, met for a Regular Meeting on Wednesday, December 12, 2018 at 5:00 p.m. in the City Council Chambers of the Town Hall at 2603 Santa Clara Drive, Santa Clara, Utah.

Notice of the time, place and agenda of the meeting was provided to the Spectrum and to each member of the governing body by emailing a copy of the Notice and Agenda to the Spectrum and also, along with any packet information, to the mayor and each council member, at least two days before the meeting.

Present: Mayor Rick Rosenberg
Council Members: Herb Basso, Jarett Waite, Mary Jo (Tode) Hafen, Ben Shakespeare and Wendell Gubler
City Manager: Edward Dickie
City Recorder: Chris Shelley

Others Present: Brock Jacobsen, Assistant City Manager; Jack Taylor, Public Works Director; Brad Hayes, Parks & Trails Director; Randy Hancey, Interim Fire Chief; Matt Ence, City Attorney; Mark Hendrickson; Cindy Frei

1. **Call to Order:** Mayor Rosenberg called the meeting to order at 5:03 p.m.

2. **Opening Ceremony:**

- Pledge of Allegiance: Tode Hafen
- Opening Comments: Tode Hafen

3. **Communications and Appearances:** None.

4. **Conflicts and Disclosures:** None.

5. **Working Agenda:**

A. **Public Hearing(s):** None.

B. **Consent Agenda**

1. Approve adding Wildland Fire Engine to Capital Improvements (2-5 yr. plan).
2. Approve Mark Hendrickson as an alternate on the Planning Commission.
3. Cancel the Jan. 2, 2019 Work Meeting.
4. Approve the WCWCD Water Agreement.

Motion to Approve the Consent Agenda.

Motion by Jarett Waite, seconded by Herb Basso.

Voting Aye: Tode Hafen, Jarett Waite, Herb Basso, Wendell Gubler and Ben Shakespeare.

Voting Nay: None.

Motion Carried.

- Ed Dickie, City Manager said that along with the Wildland Fire Engine there is also an ambulance. The motion did not include the ambulance. He asked if that item could be added to the General Business or Council can go back and add it to the Consent Agenda.

Amended Motion to Approve the Consent Agenda including adding an Ambulance to Capital Improvements (2-5 yr. plan) on Item #1.

Motion by Jarett Waite, seconded by Herb Basso.

Voting Aye: Tode Hafen, Jarett Waite, Herb Basso, Wendell Gubler and Ben Shakespeare.

Voting Nay: None.

Motion Carried.

C. General Business:

1. Discuss declining student enrollment within the area elementary school boundaries. Presented by Larry Bergeson, Washington County School District Superintendent.

- Larry Bergeson said that he has talked to all the Mayors that could be affected by this. He said that Mayor Rosenberg requested for him to come and explain what is happening in the School District to the City Council. When Vista Charter School opened its doors, it affected enrollment significantly for schools in this area. Mainly the elementary schools. That paired with slow growth of the number of elementary age students in this area has pushed enrollment down to the cumulative amount of 700 students. There is extreme growth in the Little Valley and Washington Fields area. It is difficult to house those students and leave these schools in this area under enrolled. We have a couple of options. We can shift boundaries, a lot of them. They are going to be building a new elementary school in Desert Canyon, south of the airport. It is growing the fastest out there. The School District Office has almost been outgrown. The district increases by almost 1,000 new students each year. The District Office is running out of offices and professional development rooms. He said they have purchased from St. George City the old Dixie DXATC building in the Tonaquint Center. After architecturally looking at this though it is going to take a significant amount of money to make them functional and usable. That brought up the idea of combining two schools, Dixie Sun and Coral Cliff, which is where the biggest amount of decrease has happened. They are proposing and considering combining those schools and using the Dixie Sun campus which is the older building and moving the dual immersion program to Coral Cliffs. Some of the students from Coral Cliffs would be shifted to Sunset Elementary or Red Mountain Elementary or Santa Clara Elementary. He said there are benefits that would come. They are working closely with community councils and administration at both schools. They are looking at options. They are looking at whether to make it a strand or full dual immersion school. He said this has been under discussion for 3 or 4 years. He talked about repurposing Dixie Sun with offices and professional development areas. They are looking to do it by

next year but that probably won't happen. The recommendation is to take a year to consider it and he thinks a good time to make this happen is when a new elementary school opens in 2020.

- Herb Basso said that this would affect some of his grandchildren. He asked if it is decided to be Dixie Sun or is it still a 50-50% decision whether it will be Dixie Sun or Coral Cliffs.

- Larry Bergeson stated that it is more a 60-40% leaning more to combining the immersion program from Dixie Sun into Coral Cliffs because the facility is bigger and is newer.

- Wendell Gubler asked that if the students are moved to Coral Cliffs how many of the students would be walking students and how many would be bussed.

- Larry Bergeson said that the majority would be walking students. At any of the dual immersion schools, parents have to transport. They cannot keep enough bus drivers, so transportation cannot be promised.

- Mayor Rosenberg asked what the school district would do if the growth comes back on the west side.

- Larry Bergeson said that the school would be remodeled and repurposed in such a manner that they could convert it right back to a school.

- Mayor Rosenberg asked about the 10-acre site by Harmon's that the school district owns.

- Larry Bergeson said they don't foresee needing that in the near future.

- Mayor Rosenberg said if the district does decide to dispose of that site that the City is extremely interested in it.

- Ben Shakespeare said that even combining these two schools is still going to put Coral Cliffs and Sunset in proximity of some of the other schools.

- Tode Hafen asked if the district would then operate on two campuses.

- Larry Bergeson said yes. The professional development part would exist at the Dixie Sun campus. He said that the high schools in the area are doing well. They are at 1,100 enrollments.

- Jarett Waite asked what would happen to the staff and administration at Dixie Sun.

- Larry Bergeson said that most of them will go over to Coral Cliffs and a lot of the staff at Coral Cliffs will then will go to other schools where their students go. No one will lose jobs. He said that looking at taxpayer's dollars it is hard to leave these schools under enrolled and not respond somehow. He said they will keep the Council posted on what is happening.

2. Audit Report. Presented by Steve Palmer with Hinton Burdick & Young.

- Steve Palmer said they recently completed the FY 2018 audit. There are three reports they issue with the financial statements: The Independent Auditors Report, the Report on Compliance and on Internal Control over Financial Reporting and the State Compliance Report. He said that the City passed!! He said that in the Independent Auditors Report they are issuing an unmodified or "clean" opinion on the financial statements of the City present fairly in all material respects the City's financial position and the results of the City's operations for FY 2018. He said that in the Compliance and Internal Control Report they did note a couple of items. Findings in this report are categorized into three different categories. The terminology is given by government auditing standards. The first level is material weakness. The second level is significant deficiency and the third

level is another matter. They did note one material weakness in the City's audit and that is during the course of their test work they noted some adjustments that needed to be made to the City's books in order for the financial statements to be materially correct. That is all that finding relates to. They noted some accruals that need to be made, some accounts that need to be adjusted a little bit. The second finding they had related to capital asset accounting. They found some capital asset additions and disposals that needed to be included on the City's capital asset records. On the State Compliance Report, they issued an unmodified or "clean" opinion. However, there was one instance of immaterial non-compliance that is included with the findings and recommendations. State law requires the City Council to receive an accounting of revenue and expenditures each month. The Council is getting that accounting, but it wasn't noted in the minutes. But he said that this is not a significant item. It just needs to be corrected. He then went on to talk about the finances of the City and how the City did for FY2018. The City's total net position or equity was \$34,136,461 at June 30, 2018. Over time increases or decreases to this equity number are an indicator of whether the financial health of the City is improving or deteriorating. The City's net position increased by \$1,670,698 during the FY2018. Of this increase \$463,677 was from governmental activities such as the General Fund, Special Revenue Funds, Capital Project Funds and basically everything but the Utility Funds and \$1,207,021 was from business-type activities such as the Utility Funds. Overall revenues decreased from FY2017 by approximately 10%. This was mainly due to decreases in FEMA grant revenue. Expenses increase from FY2017 by approximately 4.5% \$605,430. Most of the increase was in the General Government and Public Safety functions. He then talked about the Fund Financial Highlights. The General Fund reported revenues in excess of expenditures of \$531,255. The City had budgeted for a \$205k increase. The City did better than expected on the revenue side. Actual resources received in the General Fund were more than the budget by \$64,481 while actual expenditures were \$264,910 less than the budget. Both of those are very positive variances from the anticipated amount. At the end of the current fiscal year, there was \$1,272,952 of unassigned fund balance in the General Fund. He said that is a very positive thing to see that amount of unassigned fund balance in the General Fund. He talked about the trend of the General Fund. The assets, liabilities and equity in the General Fund are all trending upward. The distance between assets and liabilities is increasing which as well is very positive. The General Fund is measured on the current financial resources model. Capital assets and long-term debt are not included in the graphs (see attached). He showed a graph of the General Fund Cash Trend and pointed out that there was a bit of a dip in 2017 because about \$1 million was loaned to the Storm Water Fund. In 2018 the cash balance rebounded nicely to its highest level in 5 years. He also showed the Water Fund. He said to keep in mind that these are operating revenues and operating expenses and they don't include non-operating items. Expenditures increased from the prior year due to higher costs for supplies and payroll. Revenues increased by about 6%. In FY2018 operating expenses actually exceeded operating revenues in the Water Fund. He said that if you add in the non-operating items such as impact fees the fund ended up with net income of about \$165,000. It is a very positive trend in the Water Fund overall. He said the City wants to keep an eye on the operating expenses and operating revenues. This trend is reflected in the cash balances of the Water Fund as cash increased by about \$500,000. Next, he talked about the Sewer Fund. Sewer fees increased by \$24k in FY2018 while expenses increased by \$21.5k. There is still a nice margin between operating revenues and operating expenses in the

Sewer Fund. If you add in the non-operating items, mainly impact fees, this fund ends up reporting \$138,000 in net income. This is also reflected in the cash trend. He talked about the Electric Fund. The operating revenue and the operating expenses are trending up but there is still a nice margin. With this fund, once you add in the non-operating items it reported a higher net income number of \$730,000. The cash is trending upwards as well for this fund. He mentioned the Storm Water Fund. He said this fund has struggled for quite some time with expenses exceeding revenues. That turned around in FY2018 and revenues exceeded expenditures. That is a very positive change. That is also reflected in the cash trend. Unrestricted cash has gone from \$0 to about \$200,000 in that fund. That is a very positive trend.

- Mayor Rosenberg asked if the flip on the Storm Water Fund is that because of the FEMA reimbursements received by the City. He said the City still has a big one to come.

- Tode Hafen asked if the City was to a point where rates can be adjusted. Can they be reduced? She asked if this could even possibly mean that the City won't have to raise rates.

- Steve Palmer said that with utilities there are always projects and upkeep that need to happen. The infrastructure deteriorates over time and has to be upgraded and replaced. The City really wants to be developing a nice cushion for those items. He said that concerning raising rates it really depends on the long-term outlook of the City and how the infrastructure looks and what needs to happen in the future. Jack Taylor has a better grasp on that than he does.

- Jack Taylor, Public Works Director, talked about the City's meters have been in for over 20 years. We are starting to see some failures. The batteries in the water meters are only good for 20 years. We have gone past that life and we are starting to see failures. We have to look at changing that system out and that would cost about \$780,000 just to change out water and power. He talked about how they are starting to see some failure in underground power lines in the older sections of the Heights. Those underground power lines need to be replaced. We have to have funds to replace the old equipment.

- Ben Shakespeare asked about the decreased cost for Public Safety. Was that because of our joint venture with Ivins City? It was a fairly large amount.

- Steve Palmer said that Public Safety also includes the Court.

- Brock Jacobsen said that bringing on the Fire and EMS our expenditures should have initially decreased because in January we brought on the Ivins budget. It should have increased.

- Steve Palmer thanked Brock Jacobsen. He said that Brock bears the brunt of the work when they are doing the audit. The whole Staff has been great to work with. He said they can call him anytime with questions.

6. Reports:

A. Mayor / Council Reports

Ben Shakespeare:

- Nothing to report.

Tode Hafen:

- Got an email from Susie Nielson to report what she has been doing with the Rap Arts fund money. She will have the Council look over that email.

- She talked about Ken Campbell who is a former employee of the City. He is in a long-term care facility in Provo. She updated the Council on his condition. The City sent him Christmas flowers and he was thrilled. She has his address if anyone wants to contact him. He texts and enjoys phone calls.
- She talked about a Christmas card she received from a family who took their Christmas card picture in front of the glockenspiel.

Jarett Waite:

- Today they updated the music on the glockenspiel. Sherrelle is working hard on learning the programming on the music.

Herb Basso:

- Had to leave early so didn't report.

Wendell Gubler:

- Had a meeting Monday with WCSWD. They discussed the budget for 2019. Nothing has changed on recycling. We are still paying \$50 a ton extra to recycle. That is going to continue until we have a 2-year contract with the people or until there is a change in what is happening in the world.

Mayor Rosenberg:

- Met with the Mayor's Association at the new hospital and received the annual update from the hospital. They are getting ready to do the final switchover with the Women's Care. The hospital is very impressive and for a community our size they offer a great level of care there. The CEO of Intermountain Health Care is coming here and there will be a luncheon with him where he updates the senior staff of the hospital. The Council is invited to come to that. He said that is in January. He said if anyone is interested in going they need to let him know.
- The Flood Control Authority is working in the creek up above Chapel Street. They have vegetation hauled out of there and they are going to start hauling material out tomorrow. There has been between 4 and 7 feet of sediment deposited in there and it will be removed as part of this project.
- He received a request for a proclamation supporting National School Choice Week. If Council is interested he will put in on the agenda for the first week in January. The proclamation is supporting the choice of where to take your kids to school, either private, public or home schooling. It may not be a bad idea to support this. He asked Ed to put this on the agenda.
- Chris Shelley, City Recorder, asked if it should be on the consent agenda or the regular agenda.
- Mayor Rosenberg said it could go on the consent agenda. He said to make sure there is a copy of it in the box.
- Brock Jacobsen said they are putting together the budget schedule for next year and want to put together dates for the budget retreat for City Council. They are looking at between Feb. 21 and March 7. What would work best for Council?
- Ed Dickie said they don't really want to go past March 7 and we probably don't want to do it before Feb. 21.
- Mayor Rosenberg said he will be out of town Feb. 21-23. The second week is fine.

- Ed Dickie suggested having it on Thursday, Feb. 28. That is the day after City Council meeting. Do we want to have it the day after a Council Meeting?
- Tode Hafen suggested having it on Wednesday, Feb. 27 on a Council Meeting day and just having a long day.
- Mayor Rosenberg said that Feb. 28 would work better and said to schedule it for that day.
- Ed Dickie said they will get that out for Feb. 28 and get it on the consent agenda to approve the budget calendar on Jan. 9.
- Brock Jacobsen asked for confirmation on who will be going to the Economic Summit. He has Mayor, Herb and Jarett going.
- Jack Taylor gave a report on Well #7. They got a report on how crooked the well is. He said the well is about 28 ft from being straight. He said there was a fracture and it followed that fracture and that is why it isn't straight. They aren't sure what is going on with the gravel and sand. They aren't sure if they spend more money to run a machine to monitor to show how much gravel there is. They are concerned that the pipe might be laying against the rock. They might not get a true reading. He said they are working with Gardner Drilling. They are going to have a meeting tomorrow and discuss other options. They may bring the bowls up as high as they can and see if that makes a difference and if that doesn't work we might have to fill that well in a drill another well. He will bring more information to Council when he has it.
- Ben Shakespeare asked what the cost of a new well would be.
- Jack Taylor said we would have to work with the State Park to be able to move it. We would have to get with the State water rights people and get it approved to drill another well. He might see if there are some engineers that have expertise in this area and see if we can get them to come.
- Brad Hays had nothing to report.
- Jarett Waite asked Brad if there is going to be a ribbon cutting or open house for the new playground.
- Brad Hays said they talked about it but decided just to open it.
- Mayor Rosenberg said they could do a kickoff party if he wants to.
- Brad Hays said he would be glad to put something together and have a ribbon cutting. The feedback on the playground has been positive.
- Jarett Waite said the Chamber could do a ribbon cutting and there could be a little blurb in the paper.
- Ben Shakespeare said they could wait until Spring until it is a little warmer.
- Mayor Rosenberg said that once Brad decides on a day to let him know and he will put it in the Mayor's Newsletter. He suggested early February. He asked if Brad is going to accelerate the Pioneer Park and back off on the BLM park.
- Brad Hays said they had a meeting with the BLM a couple of weeks ago. They had the initial EA done a little over a year ago and they didn't find anything but then it had to go through a review process and some powerful people said that there are tortoises in the area, so we went back and did another review and they didn't find anything in the area. He and the Mayor went back for a third meeting and they are saying there is a plant that grows in that area that only grows in April and May so they are going to put us off until April and May and they want to do an environmental assessment and go look for this plant and they also want them to look for tortoises again. He said he has an updated app for the impact fees that has that park in it, but he doesn't want to go ahead with the capital facilities plan until they get the clearance on the EA. In the meantime, he did a

PTIF inquiry on the impact fee balance and there is enough money in there to also do a trail behind Harmon's and to build the park with the water feature. We have \$741,000 in the impact fee and that number will increase. We do need to get a parking lot agreement with the Church of Jesus Christ of Latter-day Saints on Chapel Street, so we can share the parking. Bruce Stucki said he will work with the Church and get that done. We are planning on moving on this park as soon as we can. He said there will be a gravel trail come off the park.

- Mayor Rosenberg said they can't start doing that trail until the landslide is closed. Once the grading is done on the landslide there should be an obvious route down across that. He wants to have this done by sometime in February.

7. Approval of Claims and Minutes:

- Nov. 28, 2018 Regular City Council Meeting Minutes
- Nov. 28, 2018 Executive Session Minutes
- Dec. 5, 2018 City Council Work Meeting Minutes
- Claims through Dec. 12, 2018

Motion to Approve the Regular City Council Meeting Minutes from Nov. 28, 2018, Executive Session Minutes from Nov. 28, 2018, City Council Work Meeting Minutes from Dec. 5, 2018 and claims through Dec. 12, 2018.

Motion by Tode Hafen, seconded by Ben Shakespeare.

Voting Aye: Wendell Gubler, Ben Shakespeare, Jarett Waite and Tode Hafen.

Voting nay: None

Motion Carried.

8. Calendar of Events

- Dec. 25, 2018 Christmas Day (Offices Closed)
- Dec. 26, 2018 Day after Christmas (Offices Closed)
- Jan. 1, 2019 New Year's Day (Offices Closed)
- Jan. 9, 2019 City Council Regular Meeting
- Jan. 10, 2019 Economic Summit
- Jan. 23, 2019 City Council Regular Meeting

9. Executive Session: None.

10. Adjournment:

Motion to adjourn by Ben Shakespeare.

Seconded by Jarett Waite with all members present voting aye.

Meeting Adjourned at 6:15 p.m.

Chris Shelley – City Recorder

Date Approved: _____