

OFFICIALS PRESENT: Mayor Karen Cronin presided and conducted the meeting. Esther Montgomery, Toby Wright, James Taylor, Nathan Tueller

OFFICIALS EXCUSED: Brady Lewis

CITY STAFF PRESENT: Greg Westfall, City Administrator
Susan Obray, City Recorder
Shanna Johnson, Chief Deputy Recorder
Shawn Blauer, Police Officer

OTHERS PRESENT: Shara Holt, Bennion Tueller, Ronde Struve, Diane Kulkarni, Suresh Kulkarni, Angie Cefalo, Gentry Cefalo, Kyden Cefalo, Logan Cefalo, Sean Morris, Ed Skrobiszewski, Earl Pannebaker, Blake Ostler, Carl Nielsen, LaNeisha Wright, Annette Taylor, David Rogers (Davis & Bott) , Chuck Palmer (Christensen, Palmer & Ambrose)

OATH OF OFFICE – New Council Members

Mayor Cronin welcomed everyone to the Oath of Office ceremony.

Honorable Judge Kevin Christensen spoke of the importance of serving as an elected official and conducted the oath of office for James Taylor, Toby Wright, and Nathan Tueller all of which swore to support, obey, and defend the constitution of the United States, the Constitution of this State, and to discharge their duties with fidelity.

ITEM 1: CALL TO ORDER

Mayor Cronin called the regular City Council meeting to order.

A. INVOCATION

Mayor Cronin offered the invocation.

B. PLEDGE OF ALLEGIANCE

Greg Westfall led the audience in the Pledge of Allegiance.

C. REVIEW AND ADOPT THE AGENDA

MOTION: Council Member Taylor made a motion to approve the agenda. Council Member Montgomery seconded the motion.

ROLL CALL: Council Member Taylor, Yes Council Member Montgomery, Yes
 Council Member Wright, Yes Council Member Tueller, Yes
Motion Approved. 4 Yes, 0 No.

D. APPOINTMENTS CITY BOARDS

Mayor Cronin presented the appointments of Devin Miles and Lawrence Gunderson to be moved from alternate to full Planning Commission Members. She presented the names of Boyd Hirschi and Greg Hansen, who have just completed their 4 year terms, to be reappointed to serve on the Perry Flood Control Board. Council Member Wright asked if Boyd Hirschi and Greg Hansen plan to serve another 4 year term. Mayor Cronin advised that they would like to see some key projects through completion and although this is a 4 year term they may decide to resign prior to the end of their term. If that was to happen the City would appoint members to complete the 4 year terms. Council Member Taylor asked if additional Planning Commission Members will be needed to replace Devin Miles and Lawrence Gunderson's positions. Mayor Cronin explained that she will bring some other names for the Council to consider for alternate Planning Commissioners.

MOTION: Council Member Wright made a motion to approve the appointments of Devin Miles and Lawrence Gunderson as full members of the Planning Commission and Greg Hansen and Boyd Hirschi as members of the Flood Control Board. Council Member Tueller seconded the motion.

ROLL CALL: Council Member Taylor, Yes Council Member Montgomery, Yes
 Council Member Wright, Yes Council Member Tueller, Yes
 Motion Approved. 4 Yes, 0 No

ITEM 2: PROCEDURAL ISSUES

A. CONFLICT OF INTEREST DECLARATION

None.

B. PASS OUT WARRANTS TO COUNCIL MEMBERS (AND POSSIBLE DISCUSSION)

Shanna Johnson passed out the warrants.

C. BUSINESS LICENSE(S)

- Take Shape Systems

Sean Morris was present and addressed the council regarding his business. He explained that he has a CNC router driven by computers and motors and he cuts plastic products for clients. He brought an example of a window he cut to be used on automation machines. He stated his main client is Autoliv.

Council Member Tueller asked if this is done at his home in his shop. Mr. Morris said that he recently moved to Perry and is in the process of building a garage behind his home. He said that he has a building permit and is working to get someone to build the building. Council Member Tueller asked where he lives. Mr. Morris stated he lives at 1500 South and Highway 89.

Mayor Cronin advised that the application states there not be any visiting clientele. She asked about the noise level of the machinery. He said that it is quieter than a table saw.

Council Member Taylor asked what hours he would operate his business. Mr. Morris explained that his hours will be from 9am to 5pm and a few evenings. Mayor Cronin advised that with the approval the council could restrict the hours of operations to certain

hours of the day. Council Member Taylor asked Mr. Morris if he anticipated any complaints from his neighbors. Mr. Morris said no.

MOTION: Council Member Montgomery made a motion to approve the business license for Take Shape Systems. Council Member Taylor seconded the motion.

ROLL CALL: Council Member Taylor, Yes Council Member Montgomery, Yes
 Council Member Wright, Yes Council Member Tueller, Yes
Motion Approved. 4 Yes, 0 No

ITEM 3: PRESENTATIONS

A. FISCAL YEAR 2014-2015 AUDIT AND FINANCIAL REPORT

David Rogers of Davis & Bott presented the Fiscal Year 2014-2015 (FY2015) Perry City Financial Statement. David reviewed the following highlights from the Management & Discussion Section:

The City's Combined Net Position increased by \$454,146 or 3.0% from prior year. Business type activities increased \$308,178 and governmental activities increase \$145,968.

David stated the overall Governmental Fund level increased \$124,112 (or 16.2%) over the prior year's fund balance. Collection of bond assessment revenue to pay the debt service was lower than the debt payments for the year and is the primary reason for the decrease in the debt service fund. The increase in the general fund was due to slightly higher revenues and fewer expenses than in the prior year.

He reviewed fund balances in the Proprietary Funds:

- The Utility Fund increased fund balance by \$224,010 over the prior year.
- The Sewer Fund assets increased by \$84,168.
- All segments of the proprietary funds provided program revenues that exceeded their expenses.

David stated the City's Long term debt decreased by 4.3% primarily due to principal payments on debt.

He reviewed the City's Net Position (on page 5 of the Financial Statement), which compares FY2014 to FY2015. He said the net position in total shows the infrastructure and net assets minus the debt owed, this totals \$11,157,404. He explained there is restricted net position of \$2,579,213 which represents funds or assets specifically restricted for a certain use i.e. B&C Funds, which are restricted for roads. He stated that the unrestricted amount of \$1,518,213 are assets available to operate and run the City.

David reviewed the change to the City's net position (on page 6 of the Financial Statement) stating in the revenues section there is capital grants and contributions in total this has went down due to the fact that there was a large CDBG grant in the prior year (approx. \$100,000) which makes up most of the decrease. He said revenues decreased slightly mostly because of that CDBG grant but everything else went up. Property taxes went up, Sales tax went up, and finally after several years the City has had a couple years now where revenues are going in a positive direction. He explained that most program

expenses decreased which shows the City has done a good job managing the money. He said that the only thing that went up was highways and streets and that is due to a lot of road projects completed during the year.

David reported that a prior period adjustment that was completed. He explained that in most cases this type of adjustment is completed when something has been done incorrectly; that is not the case with this adjustment. He said that there is a new GASB accounting pronouncement, GASB 68, which requires Cities to report pensions differently. This went into effect in FY2015 and because of the way they want this reported a prior year adjustment was needed. He said usually the City looks at how much cash is available. This adjustment did not change anything regarding available cash, it is just accounting magic. He explained they now require that you show the net pension assets and liabilities on the financial statements.

David reviewed net costs of Governmental Activities (on page 7 of the Financial Statement)

He said that first column shows the expenses associated with Governmental activities such as Judicial, Administration, Public Safety, etc. He explained the second column shows how much revenue was generated by these programs. This does not include taxes or anything outside of the program. He said that Judicial and Community Development brought negative program costs or profit. The Administration, Public Safety, Streets and Parks all incurred costs to the city:

- Administration \$540,477
- Public Safety \$525,223
- Streets \$299,633
- Parks \$60,206

He explained this is typical for these programs and that is why the City has other forms of revenue such as taxes to cover these programs. Mayor Cronin asked if the main expenses in these areas salary and benefits. David said most likely yes.

David reviewed net costs of Business Type Activities (on page 8 of the Financial Statement). He said these are activities you want to make a little profit so that you can improve infrastructure.

- Utilities (\$219,866)
- Sewer \$58,463

David explained that the Utility fund's revenues exceeded their expenses and the Sewer fund does not generate enough revenue to cover costs. He said this is better than the prior year which the Sewer Fund generated costs of \$68,823.

David reported that the actual Financial Statement begins on page 12. He reviewed a few points of interest. There is a new line item labeled 'Land held for resale' which shows an asset of \$835,170. He explained that this is the land at Pointe Perry that the city acquired last year. He said the intent for this asset is to sale it and is listed as a way to inventory this until it is sold.

Council Member Tueller asked for some additional information regarding how the City acquired the land. Mayor Cronin said the City has a Special Improvements Bond that was used to put infrastructure in the Pointe Perry area. The land owners make assessment payments to the City to pay this debt. The developer did not pay his assessments for several years and the City made those payments. The City worked with the developer for a year to bring the assessment current, and ultimately foreclosed on the land due to non-payment of bond assessments. She said that we now own the land and we are working with the broker to sale the asset.

David referred the Council to page 41 of the Financial Statement which includes a footnote requires by GASB 68 and reviews the pension plans and prior adjustment discussed earlier. He said this is 6 pages long and there are also a few supplemental schedules in the back of the document.

David asked if the Council had any questions. Mayor Cronin said this represents a lot of work by not only David, but also Shanna Johnson. She said that Shanna does a phenomenal job for the City we are very lucky to have her. She and David work very hard all year and this is culmination of the work they do to keep the city in a good financial position. Shanna Johnson thanked David Rogers for the work that he put into the Financial Statement and the new GASB 68 footnote.

The City's Auditor Chuck Palmer of Christensen, Palmer, and Ambrose presented the Audit Report. He thanked the City for the opportunity to provide audit services and said that Shanna and David along with the whole staff do a great job for the City. He reviewed the Independent Auditors Report at the front the financial statement (page 1 & 2). He said this reviews what he is hired to do. He said after David and Shanna are finished with preparing the books, they provide a trial balance, and draft of the financials statement. Chuck said upon receiving this information we send bank confirmations out, complete test work and verify that the balances included in the financial statement are materially correct. He said that management's responsibility is to attest that these financial statements are correct. Chuck reported upon the completion of the audit their opinion is that the financials are material correct, which is the best opinion they can give. He suggested that the Council at least reads the first 9 pages of the document. He said they will give a pretty good understanding of the City's financial position. He said during the audit they spent a lot of time reviewing what to do with the Pointe Perry land acquired by the City and the debt associated with the land. It was decided to take the most neutral position regarding this. He said usually you post the land based on the fair market value, but establishing the fair

market value was really hard to determine. Chuck advised that it was decided that the land value would be posted based on what the City's cost associated with the land are. He said hopefully when the land is sold it will show a pretty good sized gain for the City. He said without an appraisal on the land this approach for posting the asset and debt was taken, it seemed to have the most neutral impact. He said upon selling the land the City will either see a gain or loss on the land. Chuck advised that the other big impact this year was the implementation of the new GASB 68 pension reporting requirement. He said you are paying the same amount as always it just changes how we report the liability. He said as you look at the financial statement you will see that this does not really impact cash balances for the General Fund, but does impact fund balances on the Utility funds. He said that it is interesting if you look at page 45 of the Financial Statement what a 1% increase on your return does to your share of the liability. He said the current liability is \$272,163 if we see the return increase you see a negative liability or an asset. If it decreases 1% your liability increases to \$671,442. Mayor Cronin asked if GASB 68 was a State or Federal Change. Chuck answered that this is a U.S. Regulation.

Chuck reviewed Auditor's report on internal controls (on page 54 of the Financial Statement). He stated that they look for any deficiencies in internal controls, and the results of the tests displayed no instances of non-compliance or other issues that would be required to be reported regarding internal controls.

He said the next report reviews compliance. He said they looked at Budgetary Compliance, Fund Balance, Utah Retirement System Compliance, Transfers from the Utility Enterprise Funds, and Open and Public Meeting Act. He said review Budget compliance as listed on page 49 of the Financial Statement stating that no areas were over budget and therefore within compliance. He reported that the City's fund balance is right at and just slightly over the maximum amount allowed by the State. The fund balance is at 25.13% and the State allows 25%, this is not material and therefore was not listed as a finding.

Chuck reviewed a letter provided to the Council which reviews any major audit findings or recommendations if any. He said there were no findings, disagreements or recommendations for improvement.

Council Member Taylor asked if the Auditor did have any problems or findings, would they be addressed prior to this report or listed within the report. Chuck replied that it depends on what they are. If it is just housekeeping items that need to be adjusted he works with staff, but if it is a discrepancy or a problem, it would be listed in the report as an audit finding. Mayor Cronin added that if there were findings they would be noted in the report sent to the State. Council Member Taylor said it is great to have such a glowing report but he wanted to ensure that there is no interaction with staff to alleviate issues. Chuck said you hire the auditor as a Council and he works for the City Council. He said if there was an issue or fraud his first step would be to report this to the Council and take the proper steps to address the issues. Chuck again stated these instances would be listed in the report.

Mayor Cronin thanked Chuck Palmer and David Rogers for their work on the Financial Statement and Audit.

B. BCI AUDIT REPORT

City Recorder/Police Secretary Susan Obray reported that every 2 years the Police Department is audited by Bureau of Criminal Investigation (BCI). She said that they audit the City to ensure that we are in compliance with State and Federal guidelines. She said they email her items to reviewed i.e. documents, reports, policies. There is also a 10 page survey that she fills out. Susan advised that they take a few months to review and respond to her with audit result in the form of the report. She reviewed the compliance summary portion of the report which commended the agency (Perry Police Department) on their adherence to stay in compliance with Federal policies governing the access and use of any information gathered from UCJIS files. Susan said in other words we did a really good job. She reported that there were only two items that needed our attention and she completed a corrective action on those items, created a plan and presented this information to the Police Department in their Department meeting and sent the corrective action plan to BCI. Mayor Cronin said this audit takes a lot of work on Susan's part and commended her for doing a good job. She stated that Susan has things very well organized and represents the City well in this capacity.

ITEM 4: PUBLIC HEARING AND/OR PUBLIC COMMENTS

A. PUBLIC COMMENTS

Approx. 7:14PM

Logan & Caden Cefalo: Caden presented an idea to improve entertainment in the City. He suggested creating a splash pad. He said 1+ Splash Pad = Awesome. He included rules for safety, dates and hours of operations. He said the benefits are that there is no need for a lifeguard or supervision, it uses less water than a pool, it is multi-generational, and it is easy to use and maintain. He explained that costs will be land (or you can add to an existing park), cement, restrooms, changing room, shade awnings and picnic tables. He recommended taking down the tennis courts at Perry Park and using this area for the splash pad, using sponge pad instead of cement for less slipping, make a long table for a family visit. Mayor Cronin asked for a copy of his presentation so the Council can look at it in more detail.

Approx. 7:45PM

Gentry Cefalo: said she is with Adele C. Young Intermediate School and she is in the 4H program. She said that she raised a goat in the previous year and asked the City to allow pigmy goats in residential areas. She said most pigmy goats are about the size or smaller than a medium dog. She said she lives on a 1/3 of an acre and has plenty of space to keep a goat. She recommended the city allow pigmy goats as back yard pets.

Approx. 7:47PM

ITEM 5: ACTION ITEMS

A. APPROVAL OF THE WARRANTS

MOTION: Council Member Montgomery made a motion to approve the warrants. Council Member Wright seconded the motion.

ROLL CALL: Council Member Taylor, Yes Council Member Montgomery, Yes
 Council Member Wright, Yes Council Member Tueller, Yes
Motion Approved. 4 Yes, 0 No

B. RESOLUTION 16-01 THREE MILE CREEK SHOOTING SPORTS COMPLEX BOARD

Mayor Cronin reported that in our December meeting the City Council talked about a way to structure the board or restructure it to be an advisory board. She said the gun range started in its infancy under the Police Department and the Police Chief headed up the board. The usage at the gun range has significantly increased and the Chief of Police came to her stating that the gun range has grown to a size that is hard for him to manage the facility along with all of his police duties. She reported that the Police Chief asked that the gun range be taken out from under the police department and from his duties. Upon this request the Gun Range was moved to the Community Development department. She said in moving that over there are changes needed on the current board, but oppose to making those changes she suggested the City look at an advisory board. She said the current board has 9 members and has specific requirements for board members and she thinks the advisory board opens up and makes it a lot more flexible i.e. if we have more than 9 people who want to help and serve on the board the advisory board allows for that to happen. Mayor Cronin said when this was discussed last month, it was suggested that we include that the advisory board consist of at least a minimum of 5 members, and the Mayor or his/her designee would serve as the board chairman. She said it was also suggested that a term limit of 2 years be included. She advised that these changes have been added to the proposed resolution.

Council Member Taylor clarified that the Police Chief has been the chairman of the gun range board, and this would now change to be the Mayor's position. Mayor Cronin confirmed that this would be the case due to the fact that Community Development falls under the Mayor at this point.

Council Member Taylor asked how the present board members feel about the change of board structure. Mayor Cronin said she has talked to all board members that were formally on the board. She pointed out that most board members rotate off the board on the even numbered year, therefore by the current resolution many of the seats have been vacated. Council Member Taylor asked if they wanted to recommit. Mayor Cronin stated that would require an appointment. Council Member Tueller asked if there were two year terms on the board before. Mayor Cronin said yes. She said when she talked to the 8 current board members and all current board members were in agreement that the proposed advisory board would be the way to go, with the exception of one board member and he felt like it would be better to continue with the current system.

Council Member Taylor asked if the advisory board is approved, how board members would be selected. He asked if they would volunteer. Mayor Cronin said that they would express their interest in volunteering and then they would be appointed by the Mayor if so deemed appropriate and then the appointment would be approved by the City Council. Council Member Tueller asked how the original board was created. Mayor Cronin stated the original board is different than any other board in the City. Most boards have positions appointed by the Mayor and approved by the City Council. The original board had some positions appointed by board members, some by the Mayor, and some by the Police Chief.

Council Member Tueller asked if the previous board members were approved by the Council when they were originally selected. Mayor Cronin said yes.

Mayor Cronin said if City does not go to an advisory board we will need to change the current board structure so the board chairman is no longer the Chief of Police. She said we would also need to change the Chief Range Safety Officer from being appointed by the Chief of Police to being appointed by the Mayor.

Greg Westfall stated that this advisory board being proposed is how most boards are being created and function. He said that they are able to move a little more fluidly and they are not hand cuffed when it comes to appointments. He said it is the more standard way to set up boards and it is definitely the staff's recommendation on how to move forward.

Council Member Tueller said he still has a lot of questions and would like to understand a little more the direction it is going. He does not perceive any problems but he has a lot of questions. He said that he was in the meeting when the first procedures changes were made. He thought that was what this is, but after reading this it is more with the board. He said there is no controversy, but he has a lot of questions and would like more time to understand it.

MOTION: Council Member Tueller made a motion to table action on Item 5B until he can visit with the Mayor and Greg Westfall in order to get answer to his questions.

DISCUSSION: After a pause Mayor Cronin suggested rather than just tabling it at least make the changes to the board chair on the current board so that we can move forward with having board meetings. She said right now is a critical time for getting things set up for the gun range for the year. Council Member Tueller was not opposed to making that change.

Mayor Cronin added that the Council can table the advisory board, but the City will need to make appointments to the current board. She said that if the advisory board is passed at the next meeting this could be just a 1 month appointment. Greg Westfall advised that there are two resolutions options before the council tonight, both titled Resolution 16-01. He said that if the Council chooses to make changes to the current board they would approve Resolution 16-01 (Option 1). He stated the advisory board is before them as Resolution 16-01 (Option 2).

Motion Failed due to lack of a second.

MOTION: Council Member Montgomery made a motion to approve Resolution 16-01 (Option 2) Creating a Three Mile Creek Shooting Sports Complex Advisory Board.

DISCUSSION: Council Member Montgomery stated that she has been a in the process of reviewing these board options for a while and can see the benefits of moving forward with an advisory board opposed to the current board in place. Council Member Wright said he has also been to a few of the meetings of which this was discussed and agreed with Council Member Montgomery. Council Member Taylor said he just wants to feel that the community who uses this facility is on board with the changes. Mayor Cronin said as she mentioned she has talked to all 8 current board members and 7 of the 8 board members and the felt it was a good direction is to go to an advisory board. Mayor Cronin said that there is 1 Council Member, Council Member Lewis, who would like to table action on this item so that he could be part of the discussion. She said that he did try to join the meeting

electronically tonight but his set up used to try to attend electronically did not work. She said we tried a few different ways and this did not work. Mayor Cronin repeated that the 7 of the 8 current board members are in support of changing to an advisory board. Council Member Taylor asked if the current board members are active users of the facility. Mayor Cronin said yes. She said that she has not heard any negative feedback. She asked staff if they have heard any negative comments and they had not. Shanna Johnson pointed out that usually if there is a lot of opposition to a proposed action item, the City will have a room full of people and many public comments expressing that opposition. She commented that this is not the case tonight. Council Member Tueller said he is not in opposition of this action; he just wanted more time to understand. He said he does like the direction the advisory board is going.

Council Member Wright seconded the motion.

ROLL CALL: Council Member Taylor, Yes Council Member Montgomery, Yes
 Council Member Wright, Yes Council Member Tueller, No
Motion Approved. 3 Yes, 1 No

Mayor Cronin stated for the record again that Council Member Lewis was not able to attend the meeting electronically and his desire to table the motion was noted.

RESOLUTION 16-02 Awarding Contract for City Legal Services

Mayor Cronin advised that we are in the final steps of the selection process and not ready at this time to bring name forward for approval. This will be brought back for action at a later date.

C. APPROVAL OF A REGIONAL DETENTION BASIN PROJECT TO BE PAID FOR WITH IMPACT FEES

Greg Westfall explained that all subdivisions require detention basins. He said in one area there are many little basins all over the place. We have the opportunity right now where an individual is doing a development, has a large parcel of land and is offering to work with the City to create a large detention basin to replace the many small basins in the area. He said that is the preference of the City Engineers and the City staff. He said the details of the agreement are still being worked out so it is not ready for action at this time. He said that we are able to use impact fees for the project, it is impact fee eligible. He said it is a great project and a great opportunity. Mayor Cronin said that the City Council talked about this project in detail last October. She suggested the current Council get with Greg or herself for more details. She said they can also review the minutes from the October council meeting. She said this should be back for action on January 28th. Council Member Wright asked the location of the proposed detention basin. Greg said it would be across from Maddox on the highway on a commercial lot.

D. APPROVAL OF A CONSERVATION EASEMENT

Greg Westfall advised that we have been given a request from a landowner, Jeff Thorne, for a parcel of land they own which is currently a residential lot in a subdivision surrounded by homes. He said it is currently being used as a neighborhood park. It has grass and trees currently on the property and he has proposed a conservation easement agreement that is included in the City Council packet. He said if approved Mr. Thorne can take the agreement to the county and get a tax break. He advised that the agreement states that Mr. Thorne is

allowing the land to be used as a neighborhood park, he holds all liability for the park. Greg stated that it is the staff recommendation and the City Attorney's recommendation (who reviewed this prior to vacating his position) that we accept the Conservation Easement agreement. Greg advised that the only downside to this is that the City will lose a little bit in property tax, but we gain something in return for the neighborhood. He said that this matches up with what we have done in other neighborhoods on the east side and increases our open space. He said he thinks it is a great agreement, Mr. Thorne has done all the work to present it to the City and it is his recommendation to accept the agreement. Council Member Taylor asked where the parcel is located. Mayor Cronin said it is on the extreme north end of town. Council Member Tueller explained it is across the street from Roger Ellis's residence. Mayor Cronin restated that Mr. Thorne will allow the residence to use the area as a neighborhood park and he will hold all the liability. Council Member Montgomery clarified that this is a 21 year agreement. Mayor Cronin confirmed this to be true. Mayor Cronin asked if Mr. Thorne would like to add any comments. Mr. Thorne stated it has been used as a park since 2008 and all the neighbors he has talked with have expressed that they hope it stays there.

MOTION: Council Member Tueller made a motion to approve Item 5E Conservation Easement Agreement. Council Member Taylor seconded the motion.

ROLL CALL: Council Member Taylor, Yes Council Member Montgomery, Yes
 Council Member Wright, Yes Council Member Tueller, Yes

Motion Approved. 4 Yes, 0 No

ITEM 6: DISCUSSION

A. FY2016 BUDGET UPDATE

Shanna Johnson gave a budget update for the month of December 2015. She advised that 50% of the fiscal year has elapsed. 25% of General Fund revenues show as collected, she explained most of revenue collected in the General Fund is made up of taxes and property taxes should be received by the City in January. She reported that 44% of Utility Fund Revenues have been collected. She explained that \$105,500 in impact fees will be transferred from fund balance for impact fee related projects. This adjustment is usually made at the end of the year and that is why this is showing a bit low. She said if you look at the revenues collected in user fees, you can see that we are right on target. Shanna stated that the sewer fund has received 41% of its revenues. She explained that again an adjustment will be made at the end of the year for a contribution from the General Fund of \$142,628 to supplement this fund. This transfer is needed due to the fact that the Sewer fund is not able to support itself as noted in our most recent financial report. Shanna said we also get reimbursements from the State for a grant that we have not received yet and we also get reimbursements from Willard for their portion of the operation and maintenance expenses. She advised that these reimbursements are received on a lag and will balance out as the year progresses. Shanna reported the City has collected 70% of non-operating revenues, which are made up of impact and connection fees. She said that this area is doing well, because building is doing well.

Shanna reviewed expenses stating that the General Fund has spent 44.1% of its budget. She said this is less than 50% which is good, but if you look at some of the departments, there are a few over 50% and these are areas that have seasonal or one time expenditures i.e. the Fire Department has an annual contract payment of \$19,000 that is made to

Brigham City which makes up the majority of their budget, Community Development has an SID Assessment payment associated with the Pointe Perry land that has been made. She said that these areas will balance out as the year progresses and encouraged the Council to review their detailed budget update that is sent to them via email and review each department. She said that she includes trends for each department and labels them Green (Good), Yellow (Caution), or Red (there is an issue) based upon whether or not the trending shows that the area will remain budget compliant.

Mayor Cronin made note that Shanna had made mention that the Sewer Fund relies upon a transfer from the General Fund because it is not able to support itself. She said this was also noted in David Rogers report. She said the General Fund is currently subsidizing this fund with other monies from the City. Council Member Tueller asked what the plan was to correct this. Mayor Cronin said it would take either a rate increase or more growth in the City. Shanna said the City's sewer utility fee is high compared to other communities when it became apparent that the utility fee would not support the costs associated with Sewer the City decided it would be better to do a transfer from the General Fund opposed to raising the utility rate. Shanna said that the way the City generated the revenue to contribute to this fund was an increase to Municipal Energy Tax. She said that prior to this increase the City was only collecting a 2% tax on certain utilities; the City increased this to meet the other communities and transferred the increased revenues to the Sewer Fund in an effort to stay competitive and encourage growth. She said when we originally took out the bond the cash flows planned to make the bond payments were based on a growth rate of 4%. She said that the recession occurred and we had no growth. She said that growth has improved and is around 2%, but still is not where it needs to be. Council Member Tueller said that as residential growth occurs it could balance this, but this certainly could go up and down. Shanna stated commercial growth will also help with this. Mayor Cronin said the situation is very fragile. Shanna said we want to be very careful to keep ahead of this and not to make the situation worse.

Shanna reviewed expenses in the Enterprise Funds stating that 34.2% of the Utility Fund budget has been expended, and the Sewer Fund has spent 33.8% of its budget. Shanna advised that the spending looks good and is trending low at this time, but there will be some utility projects and a very large Sewer bond payment upcoming. She again said we will want to keep an eye on department spending.

Council Member Tueller asked if there are any unforeseen issues coming. Shanna said nothing that she is aware of at this time. She said that the biggest worry has always been Pointe Perry and we have planned for this. She said we are also seeing good things happening with Utopia, we should have some connections very soon and maybe even one day see this service be a revenue source. She said everything seems to up at this time, and we also have fund balance available in all funds to address any unforeseen issues if they do arise.

Shanna reported that December 2015 sales tax numbers are in and they came in 5.89% better than the previous fiscal year. She said so far sales tax collected is 4.03% better overall than the previous year.

Mayor Cronin said Shanna mentioned some upcoming projects. She said we purposely planned some of our projects for the spring in hopes of budgeting money in the following fiscal year to use in concert with these funds and help in the completion of these projects.

Council Member Montgomery asked for an update on the CDBG Grant. Mayor Cronin explained that CDBG stands for Community Development Block Grant. She said it allows communities to receive grant funding and one of the criteria for the funding is the project must be in a Low to Moderate Income (LMI) area. Shanna explained this is federal funding under the HUD program and they set the Low to Moderate Income levels. She said that we received funding previously that helped to construct the street and infrastructure improvements along 900 West in front of the Perry Park. She stated that Perry City has a high median income level and there are not many areas in our community that qualify at the LMI level required for this funding. She stated that when the City originally applied for funding a survey was conducted with an area encompassing all of 900 West and a portion of 2700 South from 900 West up to the Highway. They accepted this survey and let us section the project into phases. The first phase of the project submitted was approved and funding was received. When we applied again last year we were told that the previous survey conducted had been within the last 3 year timeframe would be allowed to be used for during the application period. The City was informed after we submitted our application that the rules had changed and that CDBG required a new survey including those homes directly adjacent to the project area, which at that time was along 2700 South from 900 West up to the Highway. Shanna advised that when the new survey was conducted using the site specific area, the area did not meet the Low to Moderate Income (LMI) requirement. She said the City then asked if they could change the project area and were originally told yes, by our regional CDBG representative. The City conducted a new survey which seemed to have met the LMI requirement. She said the City submitted the new project and survey and was informed by CDBG that they were not comfortable with changing the project area from the area included in the original application. Shanna said this was disheartening but the City was comfortable that we could submit this survey and project in 2016. She explained that the City began this process but was informed at a CDBG training that the LMI survey had changed and that another survey may need to be conducted. Shanna stated met with Brian Carver our regional representative (with Bear River Associations of Government) and he took our survey to CDBG to be reviewed. He called a few weeks ago and informed us that the survey was fine, but project area we thought would work does not qualify because more than 50% of the area does not have housing on it, it is vacant land and HUD does not allow projects unless more than 50% of the project area has housing. Greg Westfall said this is pretty much the last area in town that could possible qualify under LMI. Shanna agreed. She said that Brian Carver encouraged us to brainstorm and said if we can come up with anywhere else we feel could qualify under LMI to contact him. Shanna stated we cannot think of another area at this time therefore we do not qualify to apply for this grant this funding year.

Council Member Tueller inquired how the improvements could take place, will this require growth and collection of impact fees. Shanna said this will help, but the City can also budget for the projects, we create capital project funds to help to save money for improvements. She stated there are other ways to achieve the improvements.

ITEM 7: MINUTES & COUNCIL MAYOR REPORTS (INCLUDING COUNCIL ASSIGNMENTS)

A. APPROVAL OF CONSENT ITEMS

- **November 12, 2015 City Council Meeting**
- **December 3, 2015 City Council Meeting**

Council Member Montgomery advised that she submitted some minor changes to Shanna for the November minutes earlier in the week and the December minutes were flawless.

MOTION: Council Member Taylor made a motion to approve the November 12, 2015 and the December 3, 2015 City Council Minutes as amended. Council Member Montgomery seconded the motion.

ROLL CALL: Council Member Taylor, Yes Council Member Montgomery, Yes
 Council Member Wright, Yes Council Member Tueller, Yes
Motion Approved. 4 Yes, 0 No

B. MAYOR 'S REPORT: Mayor Cronin asked if the Council had any updates. Council Member Montgomery reported that since our last meeting we had our Annual Holiday movie and it was a success, we had a great turn out and she was glad to be a part of that. No other Council Members had any updates. Mayor Cronin asked Blake Ostler our Planning Commission Chair had any updates. He did not. Mayor Cronin reported that there is a Utopia meeting coming up on February 4, 2016 at Three Mile Creek Elementary. She said that Utopia is made up of 11 member cities. She said that Perry City has been paying a bond payment into this for several years with no access to the fiber network. She stated that recently Utopia contact the City with plans to build the system throughout our community. She said that this is pretty big because in most cities they only build portions out. Mayor Cronin said they have started project and on February 4th Utopia will be available to answer questions from the public. Council Member Tueller asked if this build out will be at their expense. Mayor Cronin said that this will be funded through Utopia so we as member cities will be paying for the project as Utopia and we no longer would require every home to participate in the cost of the project only those homes who want to participate will have any added costs. Council Member Tueller asked what has changed. Greg Westfall said the main thing has changed is they are running Utopia like a business they have made some smart decisions. He said they have adopted a sweet spot build out model which builds out sections of the communities of which will have a high take rate and use revenues from the new services for the next build out. Mayor Cronin said what is really exciting about this is they are considering the entire City of Perry a sweet spot and when they do build out Perry they will be installing fiber that will allow for 250mg uploads and 250mg downloads. The most state of the art equipment will be installed. Council Member Tueller asked if Utopia will have answers to pricing and connection fees. Greg said that they will be ready with all the information needed for consumers with all details available. Council Member Taylor asked what time this will start. Mayor Cronin said 6:30pm. Council Member Tueller asked where the build out will occur. Mayor Cronin said they will focus on the residential areas. She said that the residents will have the option to select from different service providers so this is an open infrastructure, which creates competition. Greg said that 95% of Perry will be built out. Pointe Perry will not be part of the build out at this time.

Mayor Cronin said the next item she wanted to discuss with them is that we have the ability to send out City Council Meeting information electronically to the Council. She said that

we have some unreliable laptops and we are considering purchasing new devices such as a Chrome book for the Council to utilize to access City Council Packets and information. She said that the device will not have a hard drive, but items can be stored in the cloud. She asked the Council to contact her and let her know if they would like a device or if they would like to use their own preferred device. Shanna cautioned that if they use their own personal device and the City was involved in a legal issue, their device could be subpoenaed confiscated as part of an investigation. The Mayor asked that the Council email her if they would like a device provided.

Mayor Cronin reported said that there will be several meetings over the next 6 weeks that will be needed in order to get the City Council integrated:

- **February 6th – ULCT Elected Officials Training:** She said that she would like all of those that can attend to contact the city. She said we will be going down together, this will take place from 8:00am to Noon and we should be back by 1:00pm.
- **February 20th – Incident Command Training:** This is an n Emergency Preparedness training required for all elected officials. Council Member Tueller asked if there would be another option for the training if you are unable to attend. Mayor Cronin said she will work with staff to research other options.
- **Council Retreat:** Mayor Cronin said that we may want to have a Council Retreat. She said usually every January we hold a retreat where we spend 4-5 hours going over our departments, our budget, and goals for the City in a little more casual setting. She said that this is a public meeting, and the public is invited. She reviewed options for the meeting stating that the Council can spread this out and have the retreat on January 30th or this can be combined with the meeting on February 6th or February 20th. Council Member Tueller stated he preferred combining this with the meeting on the 6th. She asked the Council to let her know in email their first, second, and third choice for the meeting.

C. STAFF COMMENTS: Shanna Johnson welcomed the new Council Members. Greg Westfall reported that today he was asked to serve on the Utah Local Government Trust Advisory Council and the Mayor has graciously allowed him to participate. He said this is a good seat to have as they will discuss items they may impact the cities insurance. He said this is a great organization. Shanna explained that this an organization made up of a coop of cities that have joined together to purchase property, liability and other forms of insurance. Mayor Cronin said we are very fortunate to have Greg serve on the board.

D. ITEMS FOR NEXT NEWSLETTER

- None.

ITEM 8: EXECUTIVE SESSION

MOTION: Council Member Montgomery moved to close the Public Meeting and open an Executive Session to discuss character and fitness of an individual and potential litigation. Council Member Wright seconded the motion.

ROLL CALL: Council Member Taylor, Yes Council Member Montgomery, Yes
Council Member Wright, Yes Council Member Tueller, Yes

Motion Approved. 4 Yes, 0 No

Motion Approved. 4 Yes, 0 No.

The Regular Public meeting closed at approximately 8:47pm.

MOTION: Council Member Taylor moved to close the Executive Session and return to the Public Meeting. Council Member Montgomery seconded the motion.

ROLL CALL: Council Member Taylor, Yes Council Member Montgomery, Yes
 Council Member Wright, Yes Council Member Tueller, Yes

Motion Approved. 4 Yes, 0 No

The Regular Public meeting reopened at approximately 9:30pm.

ITEM 9: ADJOURNMENT

MOTION: Council Member Taylor made a motion to adjourn the council meeting.

Motion Approved. All Council Members were in favor.

The meeting adjourned at 9:30pm.

Susan Obray, City Recorder

Karen Cronin, Mayor

Shanna Johnson, Chief Deputy Recorder