

**BUDGET WORK SESSION OF THE
BRIGHAM CITY COUNCIL
APRIL 5, 2012, 6:00 PM**

PRESENT:	Dennis Fife	Mayor
	Scott Ericson	Councilmember
	Ruth Jensen	Councilmember
	Brian Rex	Councilmember
	Mark Thompson	Councilmember
	Tyler Vincent	Councilmember

ALSO PRESENT:	Jim Buchanan	Emergency Services Director
	Dave Burnett	Public Works Director
	Mary Kate Christensen	City Recorder
	Jared Johnson	Building Official
	Bruce Leonard	City Administrator
	Tyler Pugsley	Public Works Director
	Jason Roberts	Finance Director
	Paul Tittensor	Police Chief

Brigham City Welcome Sign

The Brigham City welcome sign on 1100 South and Main should be completed this month. It is being donated by Nucor and Vulcraft. When this was originally discussed, there was a suggestion that the City also participate in this project. There is \$14,000 for landscaping in the RDA #2 proposed budget for this project.

450 West Connection to SR-13

The bids for this project came in about \$150,000 lower than the engineering estimate. There is \$160,000 allocated in the budget for this project, but an additional \$17,000 is needed, which could come from the Storm Drain Fund Balance. The property owner will pay half of the road and utilities that go through his property. He will sign an agreement with the City to pay this when his first lot sells.

Sidewalk from Public Works to Pioneer Park/Old Radio Station Demolition

Construction has started on the sidewalk in this area. In order to get the right-of-way through the old radio station, the property owners wanted the City to demolish the radio station building. This money will come out of the RDA budget.

Ambulance Fee Discussion

Mr. Roberts explained that there are five categories of people that are billed for ambulance service: 1) those that have commercial insurance; 2) those who have auto insurance; 3) those that have Medicare Medicaid or self pay.

In 2009, more than half of the ambulance riders had commercial and/or auto insurance. Between 2009 and 2012, that decreased to 34% and 66% are Medicare or Medicaid riders. This has caused the collection rates to go down.

The City has been giving residents a discount on their ambulance bills averaging between \$190-\$272. This discount is given before the insurance is billed.

A resolution to increase ambulance fees to the amount allowed by the State and removing the discount for residents will be presented at the April 5th City Council meeting.

Quick Overview of Financial Status

Mr. Roberts reported that the City's sales tax has gone down 20% from what was collected at the peak. It has gone down from \$3.1M in 2007-08 to \$2.5M projected this year. At the same time, the utility transfer percentage has gone down, but the dollars of the transfer from the Utility Fund to the General Fund has been going up, due to revenue from Procter & Gamble. This has helped offset sales tax going down. However, revenue is still down \$350,000.

There are also additional expenses. There is a UTOPIA sales tax pledge of \$430,000. Employee salaries have increased a small amount, but because of the staff reduction that has leveled out. Benefit and retirement lines have gone up significantly over the last five years. Over the last few years, the City has cut capital projects and cut department budget lines to the bare minimum to keep expenses within budget. Mayor Fife added that the Utah Retirement System drastically increased what the City pays into employees' retirement. If there had not been a reduction in 21 employees, the City would be in a very difficult situation.

The Mayor stated that the City has not increased power rates since he has been in office. Rocky Mountain Power has applied for over a 10% increase this year. This rate would take effect in January or February of 2013. The City absorbed the increase last year. The Mayor budgeted for 5% in his budget. If it was passed on to the customer it would be a 2.5% increase. The proposed budget has a loss in revenue in the Power Department; however, there is plenty in the Water Department because of the water revenue from Procter and Gamble and overall water. After a 15% transfer, there would still be \$1.9M to use for capital projects in the utilities.

Municipal Energy Tax (MET)

The Mayor's proposed budget includes a MET increase. He felt this would be better than doing a utility rate increase. Brigham City is very low on the MET compared to other Utah cities. There are only two cities that are lower than Brigham City – Perry and Apple Valley. A 5% increase would generate \$350,000. The state allows up to 6%. This tax applies to gas and electricity only.

Power Sources/Horse Butte Power Delivery Option

Mayor Fife stated that at the time this was presented to the Council, the market was \$100 per megawatt. It costs \$70 per megawatt plus \$6 transmission fee to transmit it to Brigham City. When they made this presentation, natural gas generation of power was \$58 per megawatt for just the fuel costs to run the generators. It is now down to \$8 per megawatt.

The Horse Butte power will start being transmitted to Brigham City in July. The best option is for Brigham City to take generation of the power, and then they will reimburse the City for the cost. It is estimated it will cost an additional \$300,000-\$350,000 for that power.

Strategic Economic Development Plan (Cluster Study)

Mayor Fife reported that the City applied for a \$50,000 grant to do a Strategic Economic Development Plan. Brigham City will be notified within a week whether they will get the grant. It is a 50/50 match. The City has received \$20,000 in donations that can be used toward the match.

1100 West 1100 South Funding

The impact study for this project will cost between \$300,000 to \$400,000. Some of this can be taken out of the Utility Fund.

The meeting adjourned at 6:57 PM.