

Minutes of the Salem City Council Meeting held on June 6, 2018 in the Salem City Council Chambers.

Work Session: 6:00 p.m.

1. FY 2019 BUDGET DISCUSSION

Jeff Nielson asked if the council had any questions about the budget. Councilperson Sterling Rees asked if there had been any changes since the last meeting. Jeff replied that he had added the 10¢ increase to all solid waste services. He balanced the enterprise funds. He quickly summarized the overall budget. He went over the transfers from the enterprise funds to the general fund. He asked if there were any questions from the council. Councilperson Howard Chuntz asked why the budget for Pond Town Christmas was double what it was last year. Jeff replied that we have rented some of the things before and Steve Cox would like to build our own. Councilperson Seth Sorensen asked if this would then be a one time expense? Jeff replied that it would be. Councilperson Cristy Simons asked about the storage building for the float for \$11,000, she asked what that was for. Jeff stated that was to build a building for the float and storage so they can move it out of the city shop. Councilperson Rees asked how the employees feel about the budget. Bruce Ward commented that he had not heard anything negative. Mayor Christensen stated that they understand they have to take turns getting certain things. Jeff mentioned that they had met with all the department heads and overall it had been good. Chief Brad James commented that he appreciates them taking care of our officers, there is a shortage of good officers and we would be in trouble if we lost one of ours. He thanked the mayor. Jeff stated if there were no concerns from the public tonight he would recommend approving the budget. He recommended continuing the public hearing for the amended budget until the June 20, 2018 council meeting.

2. AGENDA ITEMS DISCUSSION

Jeff stated there are 2 agreements to approve tonight, one with Done Rite Lines and the other with Eckles Paving. Councilperson Rees asked if there just needed to be a dollar amount for the property easement agreement with Paul Bliss. Jeff replied that we did, he mentioned that we have a few of these agreements. He stated we were just transferring the agreement from Andy Ottesen to Paul Bliss.

Mayor Christensen asked about the bids we had received back this week on the wastewater treatment plant. Jason Broome with Forsgren Engineering stated that we had received the bids for the sewer plant project, of the 7 that were prequalified we had 6 bids turned in. Van Con was the low bid and they went up from there. Councilperson Rees asked if there was any cause for concern in the difference between the bids. Jason replied they had been prequalified and they have talked with Van Con. Jason stated that the bids were higher than we hoped to see. He stated that we had 3 bids turned in for the pipeline. He said that Condie Construction was the low bid, and that Van Con was the high bid. He mentioned that the pipeline bid was slightly less that they had thought it would be. Councilperson Rees asked if they were also prequalified. Jason replied they had not been, but that all 3 bidders do pipelines all the time. Jason stated that they plugged in the numbers and it looks to be about \$21 million, we had budgeted \$20 million. He stated since we had done the resolution for \$21 million we would not have to pass another resolution. They are recommending we take these numbers to the Water Quality Board. Councilperson Seth Sorensen asked what kind of

change orders we can expect with the plant. Jason replied it is always electrical. Bruce commented that we had looked at some options like extending the loan terms, that will help us keep our rates we have already identified. He stated there is a lot of work to be done between now and June 27, 2018. He asked that the mayor and a couple of the councilmembers be available that day to attend the Water Quality meeting. The loan should close sometime in July. Councilperson Chuntz said he could attend the meeting. Bruce stated that all the commitment happens when we close and that this is all just preliminary. Councilperson Chuntz stated the state had come to them talking about regionalization. They felt like it was unreasonable to do with Spanish Fork and Springville, but that there was a chance to do something with Payson. He stated that the possibility is remote and they are aware where we are with building our own plant.

Bruce introduced Mitch Hogsett from Forsgren Engineering, he is here to talk about the pond and give us some help with the algae problem. He said that algae are caused by sunlight, carbon dioxide, nitrogen and phosphorus. He stated that you can aerate the water to keep some of the algae off the top, this will help it look better. One of the keys to preventing algae is to limit the nutrients that get into the water. We can do this by not fertilizing the grass about 5 feet from the bank, and let more vegetation grow on the banks of the pond. He stated that there are some chemicals that you can add to the water that will help it look better when we hold events. He explained that the aerators that we have will have a minimum 100 foot buffer around them. Mayor Christensen stated that if we put them at the south end of the pond then we could have no swimming south of the bridge.

Councilperson Simons asked if it would affect the fishing. Mitch replied that it would not. Mitch stated the biggest factor is to limit the fertilizer that gets into the pond. He mentioned that he is talking to the DWR about the use of algaecide and if it would have any effect on the fishery.

MEETING CONVENED AT: 7:00 p.m.

CONDUCTING: Mayor Kurt L. Christensen

COUNCIL PRESENT:

Mayor Kurt L. Christensen
Councilperson Cristy Simons
Councilperson Seth Sorensen
Councilperson Howard Chuntz
Councilperson Sterling Rees
Councilperson Craig Warren, on speakerphone

STAFF PRESENT:

Jeffrey Nielson, Finance/Recorder
Junior Baker, City Attorney
Chief Brad James, Police Chief
Clark Crook, Power
Matt Marziale, PW/Recreation
David Johnson, Building Dept.
Allison Taylor

OTHERS PRESENT

Kurt Davis, Joy Nybo, Alan Nybo, Adam Lee, Karen Lee, Larry Wright, Ken Olson, Kelly Peterson, Richard Hatfield, Janie Christensen, Evelyn Christensen, William Burk, Jen Watson

1. VOLUNTEER MOTIVATIONAL/INSPIRATIONAL MESSAGE

Mayor Christensen asked if anyone would like to give a motivational or inspirational message. Rajan Zed stated he would like to offer a motivational message in the form of a prayer.

2. INVITATION TO SAY PLEDGE OF ALLEGIANCE

Mayor Christensen invited those who wish to participate, to stand and say the pledge of allegiance with him. He then led the pledge of allegiance for those who wanted to participate.

3. PUBLIC HEARING

(to open)

MOTION BY: Councilperson Seth Sorensen to open the public hearing.

SECONDED BY: Councilperson Cristy Simons.

VOTE: All Affirmative (5-0).

a. PROPOSED BUDGET FOR FY 2018/2019

Jeff Nielson reviewed the budget for Fiscal Year 2018/2019

Overall Budget \$15,597,503 increase of \$1,095,469 from prior year.

General Fund

\$602,194 from last year

- No Property Tax Rate Increase by Truth in Taxation.

- Sales Tax continues to increase (State wide, which helps us).
- Building steady (Budgeting for 85 homes).
- New Subdivisions – (Potential of 18 new with 313 total lots).
- Added funds in Salaries for merit increase (based on evaluations).
- Employee health insurance increase of 1%.
- Roads – Have money assigned from prior to go towards roads.
- Have funds (\$75k Park Impact Fee, \$75 Assigned) to begin improvements on Cole Park
- Donations of \$300 to Boys & Girls State program, \$500 Misc.

Water Fund

\$139,631 from last year

- No Water Rate increase this year.
- Funds for replacement of old water meters (Radio Read).
- Using Cash in lieu of Water Rights for water model and water masterplan.

Sewer Fund

\$106,443 from last year

- New Sewer Plant construction begins.
- Increase Base Rate \$4 (\$28 to \$36) beginning July 1, 2018 and will be billed based on indoor water usage.
- Projected increase amount is estimated \$400,000 (will use to go in reserves to help with new sewer plant).

Power Fund

\$145,026 from last year

- No Power Rate increase this year.
- Continue doing improvements on Arrowhead Substation.
- Looking at Capital Improvements for all of Salem City residents (get Salem City Power to all residents).

Solid Waste Fund

\$29,110 from last year

- Increasing Rate \$0.10 on each service (Garbage Can (1st and additional cans), Recycling).
- Increases from Republic Services (2%) and South Utah Valley Solid Waste District for Recycling.

P.I Fund

\$64,903 from last year

- No P.I. Rate increases this year.
- PI Bond payment, having to use revenue to help pay for bond payment, not enough in I.F. (not enough impact fees to cover full bond payment).
- Putting funds aside for future meters.

Storm Drain Fund

\$8,162 from last year

- No rate increases this year.
- Wade Reynolds now being split between Water/PI and Storm Drain Funds.

He asked if the council had any questions and let the public know the budget is available on line. Mayor Christensen asked if he public had any questions. There were none.

b. PROPOSED TRANSFERS FROM ENTERPRISE FUNDS AND ADMINISTRATIVE FEES CHARGED TO ENTERPRISE FUNDS FY 2019

Jeff Nielson presented the proposed transfers from enterprise funds and administrative fees charged to enterprise funds.

ENTERPRISE FUNDS		APPROVED TRANSFERS					
Fund	Approved Total Expenditures FY 2018	Transfer To	Amount of Transfer	% of Total Expenditures	Transfer To Internal Service	Amount of Transfer	% of Total Expenditures
Water	\$ 942,538	General	\$ 36,000	3.8%	Motor Pool	\$ 26,500	2.8%
Sewer	\$ 839,729	General	\$ 15,000	1.8%	Motor Pool	\$ 22,500	2.7%
Electric	\$ 4,281,800	General	\$ 300,000	7.0%	Motor Pool	\$ 21,500	0.5%
Solid Waste	\$ 548,313	General	\$ 19,000	3.5%	Motor Pool	\$ 16,500	3.0%
P.I.	\$ 1,020,782	General	\$ 48,000	4.7%	Motor Pool	\$ 22,500	2.2%
Storm	\$ 199,079	General	\$ 5,000	2.5%	Motor Pool	\$ 18,500	9.3%

Jeff stated the Amount of Administrative Fees the General Fund charges each Enterprise Fund, the following are the amounts.

Administration Cost General Fund Charges Each Enterprise Fund	
Water	\$ 341,632
Sewer	\$ 245,103
Electrical	\$ 357,789
Solid Waste	\$ 89,667
PI	\$ 273,675
Storm Drain	\$ 92,068

Jeff asked if there were any questions. There were none.

c. AMEND BUDGET FOR FY 2017/2018

Jeff Nielson requested this item be continued until next council meeting. This is a final amendment of fiscal year 2018 budget.

MOTION BY: Councilperson Howard Chuntz to continue the public hearing for item c until June 20, 2018 at 7 p.m.

SECONDED BY: Councilperson Seth Sorensen.

VOTE: All Affirmative (5-0).

(to close)

MOTION BY: Councilperson Seth Sorensen to close the public hearing on items a and b.

SECONDED BY: Councilperson Sterling Rees.

VOTE: All Affirmative (5-0).

4. APPROVE BUDGET FOR FY 2018/2019

Jen Watson asked the mayor and council how much time they had spent on the budget, and if they had all looked through it. Mayor Christensen replied that he had worked with every department on the budget. Councilperson Sterling Rees stated that they had all worked with the departments that they are over. He mentioned there had been a 2 hour work session at the last council meeting just on the budget, and that they have been working on it for the last couple months. He stated that they have spent a lot of time and energy on the budget. Jen replied that is all she needed to know.

MOTION BY: Councilperson Sterling Rees to approve the budget for Fiscal Year 2018/2019.

SECONDED BY: Councilperson Cristy Simons.

VOTE: All Affirmative (5-0).

5. LARRY WRIGHT – PROPOSED ANNEXATION OF APPROXIMATELY 70 ACRES OF PROPERTY LOCATED AT 10979 SOUTH LOAFER CANYON ROAD

Attorney Junior Baker stated that Mr. Wright has applied for an annexation of approximately 70 acres of property. Tonight, they are asking for approval of the annexation for further study. They will look at feasibility for utilities and other annexation factors. After the study then it will come back before the council for approval. Councilperson Howard Chuntz asked if there is any reason at this point that we shouldn't move forward with the study. Attorney Baker replied he had never known of a study being turned down at this point. He stated that staff recommends approval of the proposal for further study. William Burk asked why he wants to annex into the city. Bruce Ward replied that he would like to develop the property. William asked what the zoning would be. Bruce replied the second part of the annexation process is when the council would zone the property, he said that looking at the general plan

it would most likely be R-15. Jen Watson asked why they can't develop the property without the annexation. The mayor replied that they can but the county requires bigger lots.

MOTION BY: Councilperson Seth Sorensen to accept the proposed annexation of approximately 70 acres of property located at 10979 South Loafer Canyon Road for further study.

SECONDED BY: Councilperson Sterling Rees.

VOTE: All Affirmative (5-0).

6. CITIZEN REQUEST – PROPERTY DISCUSSION

Matt Marziale stated this is a piece of property that was dedicated to the city when the subdivision was created for a city park. There is limited access to this property and so it is not feasible to use as a park. Doyle Hatfield was the developer and owns the property directly to the west of this piece. Matt met with him and Doyle asked if the city would give the property back to him since it will not be used as a park. Matt told him no. Although he agrees that the property would be better used with the two pieces together. He stated that Doyle has hired Richard Hatfield to do engineering on the property. Councilperson Seth Sorensen asked if we could use the surplus process to sell the property. Attorney Baker replied that we could, we would need to have an appraisal for the value and then go through the steps to surplus it. Councilperson Chuntz expressed concern for the 3 houses that are adjacent to the property, if they bought there with the idea that this would be green space. Attorney Baker stated that we should notify the homeowners once we have the appraisal. Matt stated during his conversation with Doyle they had discussed the extremely large set backs on the property. He asked who had established these and if there was a purpose for them being so large. Attorney Baker replied it is a U-Dot Highway and so they would need to research that. Richard stated they had contacted U-Dot and they are perplexed why they are so large. Matt asked for direction from the council. They stated that he should move forward on the appraisal of the property.

7. PAUL BLISS – APPROVE PROPERTY LEASE AGREEMENT

Attorney Baker reported that Paul Bliss has assumed the lease that was previously held by Andy Ottesen, with Andy's consent.

MOTION BY: Councilperson Sterling Rees to approve the property lease agreement with Paul Bliss.

SECONDED BY: Councilperson Cristy Simons.

VOTE: All Affirmative (5-0).

8. AWARD BID FOR OVERLAY PROJECT AND APPROVE AGREEMENT

Matt stated that they had completed the bidding process and like to award the bid to Eckles Paving for \$1000 per man/machine hour. He mentioned some of overlays will be in done this budget year and some will be done in the next budget year. This will be a joint venture

with our crew participating. He stated he had sent the maps to the council. They will be doing State Road 198 to 100 East on 200 South, 300 West top to bottom, and some side laterals in this budget year. He is asking for council's approval tonight to sign the contract. Councilperson Chuntz asked how many hours this would take. Matt stated they will be doing this in 5 days, using between 50 and 60 hours for the first phase, and it will be roughly \$200,000 or \$240,000. He mentioned that they would be using between 60 to 70 hours in the next budget year. Mayor Christensen stated that the other company that put in a bid didn't meet the qualifications that we required. Matt recommends approving the agreement with Eckles and will not exceed the budgeted money for this project.

MOTION BY: Councilperson Cristy Simons to award the bid and approve the agreement for the overlay project to Eckles Paving.

SECONDED BY: Councilperson Sterling Rees.

VOTE: All Affirmative (5-0).

9. AWARD BID FOR STREET LINE PAINTING PROJECT AND APPROVE AGREEMENT

Matt reported this bid was for striping stop bars and the painted words that we have on our roads. The bid from Done Rite Lines was \$17,083.60. Matt mentioned they will be doing the areas they usually do and they are adding about 5 new areas.

MOTION BY: Councilperson Cristy Simons to award the bid and approve the agreement with Done Rite Lines for the line striping.

SECONDED BY: Councilperson Seth Sorensen.

VOTE: All Affirmative (5-0).

10. APPROVE PUBLIC ENTITY RESOLUTION ADOPTING THE GOVERNING BODY FOR BANKING & INVESTMENTS

Attorney Baker reported this is a resolution to authorize two individuals to make changes to the account we have with the Utah Public Treasures' Investment Fund. This is a state fund that can be used for money to be spent later or that you are saving for a big project. The state oversees the money and the city gets a higher rate of return than they would with a regular savings account, but they are still very cautious and conservative. The two authorized individuals will be Jeff Nielson and Tammy Beck.

MOTION BY: Councilperson Seth Sorensen to approve the public entity resolution adopting the governing body for banking and investments.

SECONDED BY: Councilperson Cristy Simons.

VOTE: All Affirmative (5-0).

11. APPROVE RESOLUTION FOR SPANISH FORK BOUNDARY LINE ADJUSTMENT

Attorney Baker stated this is property owned by the mayor and his wife, they would like to change the boundary line so that it is in Salem. Salem City has utilities there so this makes sense. Spanish Fork approved a resolution last night at their council meeting. Staff recommends the approval of this resolution. Chief Brad James commented to make sure the road is not included in this change. Attorney Baker stated he will double check that.

MOTION BY: Councilperson Seth Sorensen to approve the resolution for the Spanish Fork boundary line adjustment.

SECONDED BY: Councilperson Howard Chuntz.

VOTE: All Affirmative (5-0).

12. APPROVE MINUTES OF MAY 16, 2018

MOTION BY: Councilperson Howard Chuntz to approve the minutes of May 16, 2018.

SECONDED BY: Councilperson Seth Sorensen.

VOTE: All Affirmative (5-0).

13. APPROVE BILLS FOR PAYMENT

AMOUNT: \$555,286.92

MOTION BY: Councilperson Sterling Rees to approve the bills for payment.

SECONDED BY: Councilperson Howard Chuntz.

VOTE: All Affirmative (5-0).

14. YOUTH COUNCIL

There was not a representative from the youth council available. Councilperson Chuntz stated they had new officers and were getting ready for Salem Days.

15. CHIEF BRAD JAMES, PUBLIC SAFETY DIRECTOR

Chief James did not have anything to report tonight. Mayor Christensen asked him how the incentive program for the ambulance was going. Chief James stated that they had started in May, and he would let him know.

16. DAVE JOHNSON, BUILDING OFFICIAL DIRECTOR

Dave Johnson did not have anything to report tonight.

17. ATTORNEY JUNIOR BAKER

Attorney Baker stated that some years ago there was a proposed sales tax increase dedicated to transportation to be approved county by county, with a portion of that money coming back to the cities for roads, Utah County turned it down. Last year the legislature modified the law so that if a number of cities, based on population, want to support this they could get it on the ballot without the county commission. Provo and Orem are both supporting this, if we would like to help get this on the ballot we would need to do a resolution. The council felt we should support putting this on the ballot. Jeff mentioned this would need to be done by the end of the month. Attorney Baker stated he would have it ready for the next council meeting.

18. JEFFREY NIELSON, CITY FINANCE DIRECTOR/CITY RECORDER

Jeff stated that he had emailed the council about our utility deposit policy to better match other cities. Jeff and Tammy would like to work with Attorney Baker to put a new policy together. Mayor Christensen asked if it was a big problem. Jeff replied that they have had problems with little businesses. Sometimes their bills can be \$1000 a month and the deposits are only \$150. They are asking to increase the deposit so if it does happen we get something back. He stated he will bring something back to the next council meeting. He thanked the council for approving the budget. Mayor Christensen thanked Jeff for all his hard work.

William Burk asked how many subdivisions or lots were planned into the budget. The mayor stated they are planning on about 100 homes. Dave stated there were 75 building permits this year and they were planning about 85 for next year. William asked what had happened to the self help homes. Bruce replied that they are still moving forward. Dave mentioned there is a lot of preliminary work that has to be done.

19. MATT MARZIALE, RECREATION/PUBLIC WORKS DIRECTOR

Matt did not have anything to report tonight.

20. CLARK CROOK, ELECTRICAL DIRECTOR

Clark Crook did not have anything to report tonight.

21. BRUCE WARD, ENGINEERING

Bruce did not have anything to report tonight.

COUNCIL REPORTS

22. MAYOR KURT CHRISTENSEN

Mayor Christensen commented that we had already heard about finances. He asked if the council had any employee reports. He mentioned that Miss Salem will be attending the Springville parade this weekend.

23. COUNCILPERSON STERLING REES

Councilperson Rees stated that he appreciated all the help with the Memorial Day program, Miss Salem and her attendants, the Chief and his officers, the city staff and crews. It was a beautiful morning and he appreciated Ralph Hughes speaking. The mayor thanked Councilperson Rees for doing a great job, he said it was a very nice program. Councilperson Rees stated that they UMPA national convention is coming up, it is 5 days and will be held in New Orleans this year.

24. COUNCILPERSON CRISTY SIMONS

Councilperson Cristy Simons stated the first summer concert is coming up on Monday night at 7:30 p.m. at the community center. The Spark Singers will be performing. The weather will be perfect so help spread the word. She mentioned that they have a new girl's grass volleyball program starting tonight. She stated that the recreation department is working on Salem Days advertising. They are doing Salem's Greatest Show this year before the fireworks. This will be a talent show with cash prizes. Jen Watson asked who is in charge of Salem Days this year. Matt replied that it was Kim and Kathy Carling. Mayor Christensen asked when the next meeting for Salem Days would be. Matt stated that it will be next week and the Leslie will send out the date on Friday.

25. COUNCILPERSON HOWARD CHUNTZ

Councilperson Chuntz stated that we may be undercharging on water when we are doing the cash in lieu of program. He asked what we would need to do to change that amount. Attorney Baker said we would just need a resolution from the council. Bruce stated that if it is time to reevaluate the market he can do that. Mayor Christensen asked him to get some numbers to compare.

26. COUNCILPERSON SETH SORENSEN

Councilperson Sorensen mentioned there will be a chamber meeting tomorrow morning.

27. COUNCILPERSON CRAIG WARREN

Councilperson Craig Warren stated at the last South Utah Valley Solid Waste meeting they had approved the budget. They are doing very well financially, he said kudos to Terry Ficklin. He has done a fantastic job getting it them there.

ADJOURN CITY COUNCIL MEETING

MOTION BY: Councilperson Seth Sorensen to adjourn council meeting.

SECONDED BY: Councilperson Howard Chuntz.

VOTE: All Affirmative (5-0).

MEETING ADJOURNED AT: 8:15 p.m.

Jeffrey Nielson, City Recorder