

1 **PROVIDENCE CITY COUNCIL MEETING MINUTES**

2 **September 9, 2019 6:30 PM**

3 **Providence City Office Building,**
4 **164 North Gateway Drive, Providence UT**

5
6 **Opening Ceremony:**

7 Call to Order: Mayor Drew
8 Roll Call of City Council Members: Mayor Drew
9 Attendance: John Drew, Kirk Allen, Kristina Eck, Brent Fresz, Dennis Giles, Roy Sneddon
10 Pledge of Allegiance: Mayor Drew
11 Opening Remarks – Prayer: None

12
13 **Staff Reports:** Items presented by Providence City Staff (including but not limited to: City Engineer, City Attorney,
14 Public Works Director, and Administrative Services Director) will be presented as information only.

15 R Stapley, Public Works Director

- 16 • We are working on striping, thermal plastic, and chip clean up on the streets.
- 17 • The street sweeper is not fixed yet. The Vactor is fixed.
- 18 • K Allen asked about the Vactor. R Stapley said that it is useful for many problems in many departments,
19 especially the water department. It does both vacuuming and jet rodding.
- 20 • We received delivery of a new truck that we can use for plowing.
- 21 • Val Kotter will be coming to do sewer repair.
- 22 • Storm Water Project: We have talked to Cameron Excavation about doing the work from the east side of
23 the church to the Chugg property.
- 24 • K Eck asked about the dog park. There was money budgeted for a fence.
- 25 • R Stapley said that he will do planning for it over the winter so that we can get it built in the early spring.

26 S Bankhead, Administrative Services Director

- 27 • We have received three more city manager applications. The total number of applicants is now 16. A few
28 didn't meet the standards that we had set. We will be using Google Hangouts to interview four applicants
29 Wednesday afternoon.
- 30 • Flag football and soccer is ongoing.
- 31 • The softball field lights project is almost done.
- 32 • K Allen mentioned padding around the light poles. S Bankhead said that we have not looked into it yet.
- 33 • We will have a Meet the Candidates night on October 10th at 6:30 PM at Spring Creek Middle School.
- 34 • K Allen thought that we should do two Meet the Candidates nights so that more people can attend,
35 candidates can have more time to express their opinion, etc.
- 36 • S Bankhead said that she, R Stapley, and the elementary school principal will be meeting this Thursday to
37 discuss safe routes to school.

38
39 **Approval of the minutes**

40 **Item No. 1.** The Providence City Council will consider approval of the minutes of August 27, 2019

41 **Motion to approve the minutes of August 27:** — B Fresz, second — K Eck

42 **Yea: K Allen, K Eck, B Fresz, D Giles, R Sneddon**

43 **Nay:**

44 **Abstained:**

45 **Excused:**

46 **Corrections:**

47 Line 24: ~~against~~ at nearly every lot within the subdivision

48 Line 41: Any ~~many~~

49 Line 57 etc: ~~polls~~-poles

50
51 **Public Comments:** Citizens may appear before the City Council to express their views on issues within the City's
52 jurisdiction. Comments will be addressed to the Council. Remarks are limited to 3 minutes per person. The total
53 time allotted to public comment is 15 minutes. The City Council may act on an item, if it arose subsequent to the

54 posting of this agenda and the City Council determines that an emergency exists.

- 55 • No public comments

56
57

58 **Public Hearing(s) – 6:45:** Prior to approving adjustments to the Fiscal Year 2020 Budgets for all Funds (General,
59 Capital Project, Water, Sewer, Storm Water, and Secondary Water), the City Council is holding a public hearing.
60 The purpose of the public hearing is to provide an opportunity for anyone interested to comment on the proposed
61 budgets before the City Council takes action. The City Council invites you to attend the hearing in order to offer
62 your comments.

- 63 • No public comments

64

65 **Business Items(s):**

66 **Item No. 1. Resolution 031-2019 Budget Adjustment:** The Providence City Council will consider for adoption a
67 resolution approving adjustments to the 2020 Budget for all funds.

68 **Motion to approve Resolution 031-2019 Budget Adjustment: — K Allen, second — R Sneddon**

69 **Vote:**

70 **Yea: K Allen, K Eck, B Fresz, D Giles, R Sneddon**

71 **Nay:**

72 **Abstained:**

73 **Excused:**

74 **Discussion:**

- 75 • S Bankhead said that this adjustment is to the capital project fund and the water fund. Money was moved
76 forward from the 2019 budget to the capital project fund. We moved it forward, but we didn't allocate it.
77 We are proposing to increase the amount of unallocated money by \$335,000 to be distributed as follows:
78 \$135,000 for one new truck similar to the one we just purchased and one additional truck, and \$200,000
79 towards the cemetery construction. That comes from the perpetual care account.
- 80 • Water Fund: We have some money from prior years that we have not introduced into this budget. We
81 would like to bring \$150,000 forward from prior year money that has not been allocated. We would like
82 to bring forward \$105,000 from prior year impact fees. We would like to bring forward \$128,500 from the
83 bond money. This all totals \$383,500. This is revenue that has already been collected and is waiting for
84 the council to allocate it.
- 85 • We would like to allocate the water money as follows: purchase a chlorine monitor for \$15,000, improve
86 the SCADA system for \$87,000, purchase automated control valves for \$5,000, \$7,500 for Eck Reservoir,
87 \$5,000 for Coombe Flat reservoir. We also owe \$9,000 for what was not covered by the warranty on Jay's
88 well. We would also like to spend \$100,000 for the secondary water storage and distribution system.
- 89 • We posted the RFP for the appraisal services this morning. We will be emailing it out to appraisal
90 companies.
- 91 • Our principal payment for the 2000 C series is \$105,000 this year. It is being paid by impact fees.
- 92 • Our newer backhoe is still within the buyback lease period. We would like to take the option of the
93 buyback and get a new one.
- 94 • Mayor Drew asked about the bond payment. S Bankhead said that we only pay the principal with impact
95 fees. We pay the interest with other money. S Bankhead said that this bond was for Coombe Flats
96 reservoir in 2000. It qualified for impact fee money because we were upsizing the lines, etc.
- 97 • K Eck asked why we can use impact fees for the water system but not for the street system. S Bankhead
98 said that we can use impact fees to increase capacity. We were adding capacity to the water system. For
99 roads, we can also use them if we are adding capacity to roads, such as widening them to accommodate
100 more traffic, but we cannot use them to repair roads.
- 101 • R Sneddon asked about the SCADA system's electronic security. R Stapley said that the system that we
102 have is pretty secure. We used a large reputable company, and security for water systems has been an
103 issue nationally for a while.
- 104 • B Fresz asked whether we will purchase VFD pump motors (Variable Frequency Drives). R Stapley said that
105 when we get new pumps, we will look at VFDs. We have a VFD at Dale's well.
- 106 • R Sneddon asked if we have tried to get a similar pump at all locations so that we can have a uniform

- 107 system.
- 108 • R Stapley said that the pumps depend on many variables. When we drill a well, we don't know how much
- 109 water we will hit, how big the hole will be, etc.
- 110 • Mayor Drew asked if all our pumps are at the bottom of the well. R Stapley said that there are
- 111 submersible pumps at several locations. They are quieter and last longer. Dale's well has an above ground
- 112 motor. The submersible pumps last longer, but the above ground ones are easier to repair.
- 113 • R Sneddon asked if we will consider uniformity when we drill another well. R Stapley said that it really
- 114 depends on what you hit. If you hit a lot of water, you will put in a larger pump.
- 115

116 **Item No. 2. Resolution 032-2019 Bid Award:** The Providence City Council will consider for adoption a resolution

117 awarding the bid for the Hillcrest Park Phase 2 project.

118 **Motion to approve resolution 032-2019 to award the bid to the lowest bidder: — B Fresz, second — R Sneddon**

119 **Vote:**

120 **Yea: K Allen, K Eck, B Fresz, D Giles, R Sneddon**

121 **Nay:**

122 **Abstained:**

123 **Excused:**

124 **Comments:**

- 125 • R Stapley said that we had three bidders. Two had bid amounts that were very close to each other.
- 126 • K Eck asked if R Stapley has experience with Evergreen Sprinkling [the lowest bidder]. R Stapley said that
- 127 they recently did our upgrade on the landscaping at Alder Well. They did a good job.
- 128 • K Eck asked about the timing. R Stapley said that he spoke with the gentlemen from Evergreen about the
- 129 timing. We need to get the sod laid down before the weather prevents it from putting down roots.
- 130 • Matt Bartlett of Cache Valley Landscape, a subcontractor for Evergreen Sprinkling, said that he has
- 131 worked with the company on many projects. He said that they did the landscaping for the city office
- 132 building.
- 133

134 **Item No. 3. Discussion – capital asset reserves:** The Providence City Council will discuss policy concepts for

135 managing capital asset reserves.

- 136 • Mayor Drew sent out an email posing some questions to the council. He is concerned that we don't have
- 137 a city policy on what the reserve fund balances for the enterprise funds should be. These funds are
- 138 related to water, sewer, and storm water.
- 139 • Mayor Drew asked the council to consider whether the city of Providence makes a profit on utility
- 140 charges. S Bankhead said that we collect more than we spend, but we collect that additional amount to go
- 141 towards reserves to repair and replace. We don't take that additional money and transfer it to other
- 142 funds.
- 143 • R Sneddon brought up inflation. We don't account for it.
- 144 • Mayor Drew said that Logan City transfers funds from their enterprise funds to the general fund. Last year
- 145 it was around \$7 million.
- 146 • K Allen said that Nibley is another city that makes a profit on utility charges.
- 147 • Mayor Drew said that it is easier politically to increase a utility fee than to increase property taxes. Some
- 148 city councils use utility rate increases instead of tax increases and then move the money to other funds.
- 149 However, Providence does not do this at all.
- 150 • K Allen said that we should look at historical data about costs in Providence to project how much money
- 151 we need to set aside for repair, replacement and expansion of the water system.
- 152 • R Sneddon said that one point of view is that the present residents should not pay for the sewer and
- 153 culinary water for future residents. This is the way we currently operate, because the developer is
- 154 required to put in the infrastructure. He agrees with this point of view.
- 155 • Mayor Drew noted that the city then inherits what the developer puts in the ground. Should the city be
- 156 putting aside money for eventual replacement?
- 157 • Mayor Drew brought up depreciation. What is its function?
- 158 • B Fresz said that it depends on whether it is funding depreciation or other depreciation. Funding
- 159 depreciation is when you set aside money for eventual replacement at today's cost.
- 160 • R Sneddon said that the problem is that it is a sinking fund with an interest rate that is going down and

- 161 down. We will have to keep putting more and more money into the sinking fund.
- 162 • Mayor Drew said that we currently take historic costs [for infrastructure] and assign them a life span. If a
- 163 pipe has a 50 year life, 1/50th of the cost is an expense each year. However, this doesn't take into account
- 164 the current or future replacement cost. That would require us to estimate what we should have today on
- 165 hand to replace that infrastructure in a certain amount of time, based on current costs. That is a reserve
- 166 study.
- 167 • R Sneddon said that the problem is that we can come up with whatever number we want based on what
- 168 we think the interest rate will be.
- 169 • Mayor Drew said that some cities have an operating reserve that is a percent of the current budget. There
- 170 is also [typically] an emergency capital fund in case there is a catastrophic failure somewhere. There are
- 171 also funds set aside for bond issuance. Then there are funds set aside for replacing what is in the ground.
- 172 Some cities base that on current cost of replacement.
- 173 • Mayor Drew asked whether if we have no policy, we can really say that we are fiscally sound. We have
- 174 \$12 million in the bank. Would we be fiscally sound if we had \$8 million in the bank? We need a policy.
- 175 • Mayor Drew asked why the accountants seem to be calculating the depreciation for sewer lines on a
- 176 much shorter lifespan than for water lines. R Stapley said that the newer sewer lines are PVC, and they
- 177 are projected to last almost 100 years. However, many of our pipes went in 30+ years ago. They are
- 178 concrete. They should also last a long time if they were installed correctly. Their biggest weakness is
- 179 workmanship.
- 180 • D Giles asked about ductile iron water lines. Do they last as long as plastic water lines? R Stapley said that
- 181 they wear out faster than the PVC. Their biggest weakness is the soil that they are in.
- 182 • Mayor Drew said that the council should decide on an operating reserve amount. On the information he
- 183 handed out, he suggested 25% for illustration purposes. The reason for an operating reserve is that there
- 184 are fluctuations in revenue, such as when the economy has a downturn.
- 185 • Joshua Paulsen of Providence said that he is not sure that 25% is a good number. What is it based on?
- 186 Mayor Drew said that there are cities at both extremes, and that there are no guidelines from the state. It
- 187 is up to the city leadership to decide what they think is prudent.
- 188 • J Paulsen asked if we are currently putting aside money for replacing infrastructure at today's costs.
- 189 Mayor Drew said that we do it based on historic cost. J Paulsen noted that we are basing our enterprise
- 190 funds on antiquated data.
- 191 • B Fresz said that it is not as simple as throwing an inflation number on the historic cost to reach today's
- 192 cost. Because of changes in technology, some things may even be cheaper to install now than they were
- 193 years ago, etc. This is why a rate study is important.
- 194 • S Bankhead said that one of the biggest factors that comes into play with raising the utility rates is the
- 195 political factor. This is why cities often don't charge [based on the actual projected cost of replacement].
- 196 They would probably have to raise rates significantly to do that. Councils have not been willing to do that.
- 197 • Mayor Drew said that if we do things politically, we will always be behind.
- 198 • K Allen said that he can see why city councils kept pushing it off. However, if things get put off, eventually
- 199 the residents will have to come up with a lot more money in a short period of time.
- 200 • R Sneddon asked about the coordination between the city engineer and the group that does the rate
- 201 study. He asked if they have their own engineer. S Bankhead said that they do not usually. R Sneddon said
- 202 that the engineers are the best people to give a projected life expectancy to what is already in place.
- 203 • Mayor Drew said that if we did a rate study with engineers, we would probably be shocked at the amount
- 204 that we would need to be setting aside. We also don't set aside money for streets. The value of our
- 205 streets is about \$120 million according to the LTAP study, but we do "pay as you go" for replacing them.
- 206 • J Paulsen asked S Bankhead if we allow transfer of funds between the enterprise funds. S Bankhead said
- 207 that it is legal.
- 208 • J Paulsen said that the residents would be more comfortable with a rate increase if there is a policy that
- 209 would prevent the city from moving the money around between funds.
- 210 • Mayor Drew said that most residents think that it all goes in one bucket, but it doesn't. We segregate it.
- 211 • J Paulsen said that we segregate it for budgeting purposes, but if money can be transferred between
- 212 funds, it still looks like a big pot of discretionary income. We should create a policy that restricts us from
- 213 transferring the money.

- 214 • S Bankhead said that this has been our unwritten policy. Some residents have said that they would rather
215 have a property tax increase than a service fee increase because of tax deductions. Previous councils have
216 made a conscious decision not to raise fees. J Paulsen said that the calculus of tax deductions has changed
217 now, so that argument no longer applies.
- 218 • K Allen said that this is why we need more social science people who can sell the concept and help the
219 community understand it. He felt that if people understood how the city finances actually work, they
220 would realize that they are getting a good value for their tax money in Providence.
- 221 • B Fresz said that he is in favor of setting aside small amounts of money now instead of large amounts
222 later. Mayor Drew said that sometimes city councils spread out the impact of [a fee increase] over several
223 years to soften the blow to residents.
- 224 • Mayor Drew said that Mayor Hair of Millville wants to meet to discuss creating a sewer district for the
225 south of the valley. The head of the Department of Water Quality will be there. Logan borrowed \$125
226 million from the Department of Water Quality at a very low interest rate for their new sewer treatment
227 facility. Millville may not get the same deal, in which case the financing would be very expensive.
228

229 **Council Reports:** Items presented by the City Council members will be presented as informational only; no formal
230 action will be taken. The City Council may act on an item, if it arose subsequent to the posting of this agenda and
231 the City Council determines that an emergency exists.

- 232 • B Fresz said that UTOPIA reported to him that the results of the survey were very positive. They would like
233 to schedule a meeting with the council. B Fresz would like to propose the 24th of September.
- 234 • R Sneddon said that some of our city manager applicants' resumes showed that their most recent
235 employment ended a few months ago. Are we to presume that they are unemployed? He would prefer to
236 hire someone who is employed. He asked if the candidates know that they will need to accept the job
237 offer by the day before election day. Mayor Drew said that their deadline for response will be long before
238 then.
- 239 • Mayor Drew spoke about the COG applications. There is \$4,125,000 in grant money available for non-rural
240 areas. Logan City made two applications, which would use 80% of all of the money if granted. They will
241 probably not be awarded all of that money. Several cities were thrown out because of incomplete
242 applications, etc. The applications are now in the CTAC committee (Cache Technical Advisory Committee).
243 S Bankhead is our representative on that committee. Next they will go back to the mayors on the COG
244 committee and then to the County Council for final approval. We will know how much money we received
245 by November.
- 246 • Mayor Drew, R Stapley, S Bankhead and M Pierce met with Jason Fuhrman, the president of Blacksmith
247 Fork Irrigation company, about the secondary water system that we are considering. We wanted to keep
248 them in the loop about what we are working on.
- 249 • Mayor Drew made a draft of the bylaws for the Community Reinvestment Area (CRA). They have been
250 passed on to S Bankhead and to the city attorney.
- 251 • Mayor Drew said that we need to pick a date to have a workshop to interview city manager candidates.
252 The council decided on Friday the 27th of September.
- 253 • B Fresz said that for a good interview, we will need several different panels. At his work, they usually do 2-
254 4 hours per person. B Fresz said that we should have an HR professional come talk to the council during
255 an executive session to advise us on what type of questions to ask, etc. For the interview, we could have a
256 staff panel and a council panel.
- 257 • J Paulsen asked if we are allowed to reveal the names of candidates who are not finalists. We should be
258 careful.
- 259 • J Paulsen suggested that we have the candidates give a presentation about what they know about the city
260 and about their ideas for the city.
- 261 • B Fresz said that the candidates should fly in the night before, and then the interview should be an all-day
262 ordeal.
263

264 **Executive Session Notice:**

265 The Providence City Council may enter into a closed session to discuss pending or reasonably imminent litigation as
266 allowed by Utah Code 52-4-205(1)(c).

267 The Providence City Council may enter into a closed session to discuss professional competence or other factors
268 allowed by Utah Code 52-4-205(1)(a).
269 The Providence City Council may enter into a closed session to discuss land acquisition or the sale of real property
270 Utah Code 52-4-205(1) (d) and (e).

271
272 **Motion to enter an executive session: — B Fresz, second—D Giles**

273 **Vote:**
274 **Yea: K Allen, K Eck, B Fresz, D Giles, R Sneddon**
275 **Nay:**
276 **Abstained**
277 **Excused:**

278
279 Entered executive session at 8:29 PM

280
281 **Motion to close the executive session: — R Sneddon, second — D Giles**

282 **Vote:**
283 **Yea: K Allen, K Eck, B Fresz, D Giles, R Sneddon**
284 **Nay:**
285 **Abstained:**
286 **Excused:**

287
288 Closed executive session at approximately 8:48 PM

289
290 **Motion to adjourn: — K Allen, second — B Fresz**

291 **Yea: K Allen, K Eck, B Fresz, D Giles, R Sneddon**
292 **Nay:**
293 **Abstained:**
294 **Excused:**

295
296 Meeting adjourned at approximately 8:48 PM
297 Minutes prepared by Jesse Bardsley
298 Minutes approved by vote of the council on September 24, 2019

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300
301
302 _____
303
304 John Drew, Mayor

Skarlet Bankhead, City Recorder