

MINUTES OF A REGULAR CITY COUNCIL MEETING HELD NOVEMBER 15, 2007
AT THE CIVIC CENTER, 83 WEST MAIN, HYRUM, UTAH.

CONVENED: 6:30 p.m.

CONDUCTING: Mayor W. Dean Howard

ROLL CALL: Councilmembers Martin L. Felix, and Craig L. Rasmussen. Councilmember Douglas L. Stipes arrived at 7:40 p.m.

EXCUSED: Councilmembers Paul C. James, and Stephanie Miller.

CALL TO ORDER: There being three members present and three members representing a quorum, Mayor Howard called the meeting to order.

OTHERS PRESENT: City Administrator D. Brent Jensen, Zoning Administrator Ron Salvesen, and ten citizens. City Recorder Stephanie Fricke recorded the minutes.

WELCOME: Mayor Howard welcomed everyone in attendance and invited audience participation.

PLEDGE OF ALLEGIANCE: Boy Scout Michael Sanders led the governing body and the citizens in the Pledge of Allegiance.

INVOCATION: Councilmember Rasmussen

MINUTES:

The minutes of October 10, 2007 were approved as written.

ACTION Councilmember Stipes made a motion to approve the minutes of October 10, 2007 as written. Councilmember Rasmussen seconded the motion and all three councilmembers present voted aye.

AGENDA ADOPTION: A copy of the notice and agenda for this meeting was faxed to The Herald Journal, mailed to each member of the governing body, and posted at the Civic Center more than forty-eight hours before meeting time.

ACTION Councilmember Rasmussen made a motion to approve the agenda as written. Councilmember Felix seconded the motion and all three councilmembers present voted aye.

AGENDA

8. SCHEDULED DELEGATIONS:

- A. Fred Burr, Wiggins and Company - To present the 2006-2007 Audit Report.
- B. Ryan Kendrick, Hyrum Chevron - To discuss amending

- Hyrum City's ordinances to allow beer sales on Sunday.
9. INTRODUCTION AND ADOPTION OF RESOLUTIONS AND AN ORDINANCE:
 - A. Resolution 07-24 - A resolution setting application and deposit fees for submittal of site plans. *First Reading*
 - B. Resolution 07-25 - A resolution authorizing and approving a first supplement to the Payson Power Project Power Sales Contract providing for the acquisition of additional entitlement share and a loan agreement providing financing for such acquisition, and related matters. *First Reading*
 - C. Ordinance 07-15 - An ordinance increasing the Highway and Public Transportation System Sales Tax within the City of Hyrum, Utah, from one-quarter of one percent (.25%) to three tenths of one percent (.30%). *First Reading*
 10. OTHER BUSINESS:
 - A. Official Canvass of the 2007 General Election results.
 - B. Consideration and award of bid for Museum Displays.
 - C. Mayor and City Council reports.
 11. ADJOURNMENT

SCHEDULED DELEGATIONS:

FRED BURR, WIGGINS AND COMPANY - TO PRESENT THE 2006-2007 AUDIT REPORT.

Fred Burr, Wiggins & Company, presented the 2006-2007 audit report. He reviewed revenues and expenses for the general fund and the enterprise funds. Hyrum City's general fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance are accounted for in this fund.

As of June 30, 2007 the total net assets of Hyrum City increased by \$1,864,467 totaling \$27,640,441. The governmental activities' net assets increased by \$1,607,355 and the business type activities' net assets increased by \$257,112. The total net assets of Hyrum City is \$27,640,441, and is made up of \$22,422,199 in capital assets such as land, infrastructure, buildings and improvements, and machinery and equipment. The remaining net assets total \$5,218,242. OF this amount \$4,475,954 is unrestricted. The remaining \$742,288 is restricted for such items as debt service reserves, capital projects, and impact fees.

Total long term liabilities of the city decreased by \$220,187. The City has incurred long term debt for the acquisition of land and the construction of a new sewer plant, which are recorded in the Sewer Fund. During 2006, the City issued \$2,000,000 in Sales Tax Revenue Bonds for the advance funding of the new library facility. In 2007, \$67,000 in Sales Tax Revenue Bonds was retired. Also during 007, the City retired \$191,000 in sewer revenue bonds and \$5,000 in notes payable in the Sewer Fund. The

total outstanding long term debt of the City at June 30, 2007, was \$5,937,987, which includes \$335,987 in accrued termination benefits.

At June 30, 2007, the City's governmental funds (General, Capital Projects, Debt Service and Special Revenue Library) reported combined fund balances of \$564,553. This represents a decrease of \$1,966,147, mainly due to finalization of the library and infrastructure projects, during fiscal year 2007.

Taxes continue to be the largest source of revenue in the General Fund and represent 51.3% of total general fund revenues. The largest element of taxes is sales tax, representing 52% of total tax revenue and 26.6% of total general fund revenues.

During fiscal 2006-2007 the budgets of each fund were established and then amended to account for increases in revenue and expenses. Primarily the revenue changes were to bring revenues for energy taxes and intergovernmental grants into line with the year end revenue projections. Expenses were changed to account for personnel cost increases, repairs and maintenance increases and construction projects.

The City's investment capital assets for all activities at June 30, 2007, amounted to \$49,259,641. Accumulated depreciation on capital assets was \$21,235,442. Net capital assets amounted to \$28,024,199 at June 30, 2007. The investment in capital assets includes land, buildings and systems, improvements, infrastructure (roads, sidewalks, curb and gutter, etc.), and machinery and equipment. The total increase in the City's investment in capital assets during 2007 was \$4,959,176. Depreciation expense for 2007 was \$1,520,284, with \$396,053 recorded in governmental activities and \$1,124,231 recorded in business type activities.

There was one significant deficiency, one state legal compliance finding, and one other finding:

Significant Deficiency:

1. Audit Adjustments - An audit adjustment proposed in the FY 056 audit had not been recorded on the current general ledger, misstating the long term debt and well as the retained earnings in the affected fund. In addition, the same correction to reclassify the payment on long term debt was proposed for the current year. Recommendation - The City review the general ledger to make sure that the carry forward balances agree to the audited balances of the prior year. We recommend that the debt payments in the proprietary funds be recorded properly. The ledger should be reviewed by the City Administrator on a routine basis to assist with corrections to accounts. Response - Audit Adjustments will be more carefully monitored.

State Legal Compliance Finding:

2. Budgetary Compliance - Utah Code 10-6 states that officers and employees of the city shall not incur

expenditures in excess of the total appropriation for any department or fund. The following funds had expenditures in excess of budget: Law Enforcement; Solid Waste Collection; and Engineering.

Recommendation - The City monitor the expenditures carefully and take the necessary steps to adjust the budget as necessary.

Response - Year end budget adjustments will more correctly reflect expenditures.

Other Finding:

3. Justice Court Internal Controls - While auditing the justice court, we noted that there was no access to the court while clerk was in training for the week. The clerk and the judge are the only personnel that have access to the court facilities. The clerk has the only access to the court computer system where she can enter fines, payments and adjustments. These restrictions make it difficult to maintain internal controls over ht court functions. It also appears to violate ht estate requirement that justice courts be open five days per week.

Recommendation - The City designate a backup clerk for the justice court to keep the court open during required hours. This would assist in coverage for the required days and allow another individual in the system for rotation of duties to strengthen the internal control over the justice court. This individual would be required to pass the necessary background checks and fingerprinting dictated by the State.

Response - The City is coordinating this recommendation with the Justice of the Peace and Clerk and will look into certifying a deputy clerk.

Fred Burr said Hyrum City does a great job with its finances and records.

RYAN KENDRICK, HYRUM CHEVRON - TO DISCUSS AMENDING HYRUM CITY'S ORDINANCES TO ALLOW BEER SALES ON SUNDAY.

Ryan Kendrick, co-owner of Hyrum Chevron, said he is concerned about the loss of business since a convenience store in Nibley opened and is allowed to sell beer on Sunday. Over the past couple of weeks he has seen a significant drop in sales at his store and he thinks it is due to Nibley allowing beer sales on Sunday. Convenience stores operate on a very small profit margin that comes from the sale of food and beverages while customers are filling their cars with fuel. Repeat customers are vital to

the success of a convenience store. He has been told that some of his repeat customers are stopping at the convenience store in Nibley, because it sells beer on Sunday. He is worried that he will continue to lose customers if he can't sell beer on Sundays and is hoping Hyrum City will consider changing its ordinance to allow beer sales on Sunday.

Councilmember Rasmussen said Nibley City didn't make a conscientious decision to change its ordinance to allow beer sales on Sunday. Several years ago when Nibley City revised its ordinances that section prohibiting beer sales on Sunday was accidentally left out. If the City Council did allow beer sales on Sunday, he does not think it will increase Hyrum Chevron's revenue. The Maverick in Nibley is a new store with cheaper fuel and due to the proximity it is in direct competition with Hyrum Chevron.

Ryan Kendrick said for right now Nibley City is the first and only City in Cache Valley to allow beer sales on Sunday. However, when other cities see Nibley City's increase in sales tax revenue there will most likely be more cities allowing beer sales on Sunday. If someone wants beer on Sunday they no longer have to drive to Brigham City or Idaho they can purchase beer three miles away in Nibley. He asked the City Council to help support its local businesses by allowing them (Hyrum Chevron, Ridley's Grocery Store, and Manning Short Stop) to sell beer on Sunday. It is not fair to the businesses in Hyrum to not allow beer sales on Sunday when neighboring cities allow beer sales on Sunday. He just wants the City Council to change the ordinance to provide an equal playing field between the businesses in Hyrum and the businesses in Nibley.

Councilmember Rasmussen said the schools teach our children that alcohol is not good for our bodies and even though beer is sold six days a week, the fact that it is not sold on Sunday reminds people that it is not good for us. He was taught and is constantly reminded that life isn't fair nor is it equal. Just because Nibley allows beer sales on Sunday does not mean that Hyrum should allow beer sales on Sunday. Fuel costs are at a record high and Chevron's fuel costs more than other fuel providers. The higher fuel costs at Hyrum Chevron may have more of an affect on its sales than not being able to sell beer on Sunday.

Gary Kendrick said he is a co-owner of Hyrum Chevron and he wants the same opportunity to sell beer on Sunday as his competitor in Nibley does. Now that Cache Valley has one City that sells beer on Sunday there will be other cities' that will be asked to reconsider their ordinances prohibiting beer sales on Sunday.

Val Ercanbrack, Manager of Ridley's Grocery Store in Hyrum, said if Hyrum City allowed beer sales on Sunday it would keep people

shopping in Hyrum rather than driving out of the Valley or buying small grocery items at the Maverick in Nibley.

Councilmember Stipes said several years ago the Hyrum City Council had a request to grant a restaurant a license to sell beer and wine. The restaurant claimed that the only way for it to be competitive with restaurants in Logan was to be able to serve wine and beer. The City Council finally decided to grant the restaurant a license and shortly after the restaurant went out of business. However, the City needs to work with the businesses in Hyrum and make decisions that are in the best interest of the community.

Mayor Howard said a public hearing will need to be held before the City Council makes a decision as to whether it should allow beer sales on Sunday.

INTRODUCTION AND ADOPTION OF A RESOLUTION:

RESOLUTION 07-24 - A RESOLUTION SETTING APPLICATION AND DEPOSIT FEES FOR SUBMITTAL OF SITE PLANS. FIRST READING

Mayor Howard said Hyrum City does not charge fees for site plan approval for commercial uses and multi-family housing. More and more these applications require review by our City Engineer, therefore, the staff is recommending the City Council set site plan fees for commercial and multi-family housing.

ACTION Councilmember Stipes made a motion to waive the first reading rule for Resolution 07-24. Councilmember Rasmussen seconded the motion and all three councilmembers present voted aye.

ACTION Councilmember Stipes made a motion to approve Resolution 07-24 setting application and deposit fees for submittal of site plans with the following amendment to 1.B. after "The City may withhold the occupancy permit and/or business license until all required site plan improvements are completed and accepted" add ", and any additional expenses occurred by the City above the deposit amount have been paid." Councilmember Felix seconded the motion and all three councilmembers present voted aye.

RESOLUTION 07-25 - A RESOLUTION AUTHORIZING AND APPROVING A FIRST SUPPLEMENT TO THE PAYSON POWER PROJECT POWER SALES CONTRACT PROVIDING FOR THE ACQUISITION OF ADDITIONAL ENTITLEMENT SHARE AND A LOAN AGREEMENT PROVIDING FINANCING FOR SUCH ACQUISITION, AND RELATED MATTERS. FIRST READING

Mayor Howard Hyrum City requested another 1,000 KW allocation in

the Payson natural gas generator when it became available from Page. The application has been reduced to 441 KW for a purchase price of approximately \$101,015. We have \$98,000 on deposit with UAMPS and we elected to pay cash for our allotment rather than bond. Nevertheless, we have to go through the bonding process in case someone withdraws and our allocation goes up and we don't have the cash to pay the balance.

ACTION Councilmember Stipes made a motion to waive the first reading rule for Resolution 07-25. Councilmember Felix seconded the motion and all three councilmembers present voted aye.

ACTION Councilmember Stipes made a motion to approve Resolution 07-25 authorizing and approving a first supplement to the Payson Power Project Power Sales Contract providing for the acquisition of additional entitlement share and a loan agreement providing financing for such acquisition, and related matters. Councilmember Rasmussen seconded the motion and all three councilmembers present voted aye.

ORDINANCE 07-15 - AN ORDINANCE INCREASING THE HIGHWAY AND PUBLIC TRANSPORTATION SYSTEM SALES TAX WITHIN THE CITY OF HYRUM, UTAH, FROM ONE-QUARTER OF ONE PERCENT (.25%) TO THREE TENTHS OF ONE PERCENT (.30%). FIRST READING

Mayor Howard said on October 18, 2007 the City Council adopted Ordinance 07-13 increasing the transit tax from .25 percent to .3 percent on non-food taxable items. However, the Utah League of Cities and Towns discovered the ordinance was missing some necessary language, so they have asked us to re-adopt the ordinance.

ACTION Councilmember Stipes made a motion to waive the first reading rule for Ordinance 07-15. Councilmember Rasmussen seconded the motion and all three

ACTION Councilmember Stipes made a motion to adopt Ordinance 07-15 increasing the Highway and Public Transportation System Sales Tax within the City of Hyrum, Utah, from one-quarter of one percent (.25%) to three tenths of one percent (.30%). Councilmember Rasmussen seconded the motion and all three councilmembers present voted aye.

OTHER BUSINESS:

OFFICIAL CANVASS OF THE 2007 GENERAL ELECTION RESULTS.

City Recorder Stephanie Fricke went over in detail the canvass

report. She noted that the electronic voting machines were used and no problems were reported.

HYRUM CITY
2007 GENERAL ELECTION REPORT

	DISTRICT #1	DISTRICT #2	DISTRICT #3	DISTRICT #4	DISTRICT #5	TOTAL VOTES
CITY COUNCIL CANDIDATES						
Martin Felix City Council 4	252	150	256	285	129	1,072
Stephanie Miller City Council 4	279	159	275	281	131	1,125
Douglas L. Stipes City Council 4	251	146	255	270	130	1,052
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Total Tallied Votes	782	455	786	836	390	3,249
PROPOSITION 1 - MASS TRANSIT						
Votes for Proposition 1	121	83	115	116	77	512
Votes against Proposition 1	180	87	191	202	72	732
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Total Tallied Votes	301	170	306	318	149	1,244

ACTION Councilmember Stipes made a motion to accept the Official Canvass Report of the 2007 General Election results. Councilmember Rasmussen seconded the motion and all three councilmembers present voted aye.

CONSIDERATION AND AWARD OF BID FOR MUSEUM DISPLAYS.

Museum Director Jeff McBride said he advertised for bids to construct and install museum displays. Three contracts responded with quotes of \$72,150, \$68,900, and \$44,109. The lowest bid submitted was from MW Tile & Construction in the amount of \$44,109 and he is recommending the City Council accept this bid. Homestead Cabinets in Hyrum did not bid because they do not do installations but it has offered to donate some of the wood for the project. They may further reduce the cost of the displays.

ACTION Councilmember Rasmussen made a motion to award the Museum Display project to MW Tile and Construction for \$44,109 with the stipulation that the contract amount be reduced to reflect the wood and materials donated by Homestead Cabinets. Councilmember Felix seconded the motion and all three councilmembers present voted aye.

MAYOR AND CITY COUNCIL REPORTS.

Mayor Howard said David Church with the Utah League of Cities and Towns is teaching a class on the Powers and Duties of the Planning Commission here at the Hyrum City Offices on November 29, 2007 at 7:30 p.m. The Utah League of Cities and Towns

invited all of the Mayors and City Councilmembers, Planning Commission Members, and City staff in Cache County to attend this training session.

ADJOURNMENT:

ACTION **There being no further business before the Council, the Council Meeting adjourned at 8:05 p.m.**

W. Dean Howard
Mayor

ATTEST:

Stephanie Fricke
City Recorder

Approved: January 3, 2008
 As Written