

**MENDON CITY COUNCIL MEETING MINUTES**  
*THURSDAY, April 9, 2020 - Electronic Meeting at 6:00PM*

In Attendance:

Mayor: *Ed Buist*

Council Members: *Jon Hardman, Greg Taylor, Bob Jepsen, Ian Nemelka, Ron Campbell*

Public Works: *Kirk Taylor*

Engineer: *Eric Dursteler*

Recorder: *Paul Cressall*

Treasurer: *Daphne Carlson*

Clerk: *Camille Randall*

Excused:

Public Attendance: *Gail Taylor, Keilani Ludlow, Phil Zobell*

Mayor opened council at 6:03. Camille read the following resolution:

RESOLUTION NO. 2020-03 RESOLUTION DIRECTING ELECTRONIC BOARD MEETING POLICIES AND PROCEDURES WHEREAS, the City Council has deemed it necessary to meet electronically to conduct city business when social distancing policies have been put in place by State and/or Federal Governments; and WHEREAS, circumstances may require Mendon City Board members to meet electronically, NOW, THEREFORE, Be it resolved by the Mendon City Council of Mendon, Utah that the following policies and procedures directing electronic meetings enabling members of the Council or Board to meet electronically shall be established. RESOLUTION I. Policy: This shall be known as the Mendon City (the "District") Electronic Board Meeting Policy (the "Policy"). II. Electronic Meetings: A. General: A Board meeting may be convened and conducted by means of telephonic, telecommunications, or computer conference by satisfying the requirements of Utah Code Ann. § 52-4-207. B. Participation: The primary purpose for holding electronic meetings is to enable members of the Board to participate in the meeting electronically. Nevertheless, provision may be made for a member of the public to monitor an open meeting of the Board through electronic means provided that the member of the public so requests in writing at 30 hours prior to the meeting, and further provided that the District will not be required to acquire any equipment, facilities or expertise which the District does not already possess in order to accommodate the request. Notwithstanding anything to the contrary in this Policy, with the exception of a public hearing, the general public and other interested persons need not be provided an opportunity to participate in, as opposed to attend and monitor, an electronic meeting. C. Anchor Location: One or more anchor locations may be established for all electronic meetings. The anchor location is the physical location from which the electronic meeting originates or from which the participants are connected. At least one anchor location for an electronic meeting must be in the building where the Board would normally meet if not holding an electronic meeting. A quorum of the Board need not be present at a single anchor location for an electronic meeting to be held. As few as one Board member may be present at the anchor location, as long as all other requirements of this Policy and of Utah Code Ann. § 52-4-207 are satisfied for a meeting to be held as an electronic meeting, provided that the Board member who chairs the meeting is physically present at the anchor location. Space and facilities must be provided at the anchor location(s) so that all interested persons may attend and monitor the open portions of the meeting. In addition, if the meeting is a public hearing, space and

facilities must be provided at the anchor location(s) so that interested persons and the public may attend, monitor and participate in the hearing. D. Anchor Location Suspended: In cases where circumstances require all participants to meet electronically, the requirement of an anchor location is suspended if the Governor of the state of Utah has signed an executive order that temporarily removes requirements of the Open and Public Meeting Act. E. Notice: Not less than 24 hours' advance public notice, including the agenda, date, time, location, and a description of how the Board Members will be connected to the electronic meeting, will be given for each electronic meeting of the Board by posting a written notice at the principal office of the District (or at the building where the meeting is to be held if no principal office exists), and by posting the notice on the Utah Public Notice Website created under Utah Code Ann. § 63F-1- 701. In addition, the notice must be posted at the anchor location (which may be the principal office of the District) and must be provided to all Board Members at least 24 hours before the meeting. These notice requirements are minimum requirements and are not to be construed as precluding such additional postings and notifications as may be directed by the Board. F. Budget or Logistical Considerations: The Chair, or the Vice-Chair in the Chair's absence, may determine, based upon budget or logistical considerations, that it is not in the best interest of the District to hold an electronic meeting, in which event the meeting will not be held as an electronic meeting. The Chair, or the Vice-Chair in the Chair's absence, may also restrict the number of separate electronic connections that are allowed for an electronic meeting based on available equipment capacity. The request from a member of the public to participate in a meeting electronically may be denied by the Chair, or Vice-Chair in the Chair's absence, based on budget, public policy or logistical considerations deemed sufficient by the Chair or Vice-Chair.

Mayor Buist entertained a motion. Ron motioned to adopt. Greg seconded. All approved. Mayor asked about approval of minutes for the month of March. No changes were recommended. Minutes were approved. Mayor addressed the bills. Mayor had a question on the bill. He is wondering if payment carried over from last fiscal year on the roads. We are over on our funding, which is fine if we have received county funding. Mayor asked if we received all our funding. Mendon has received the funding from the county. Ron asked for an explanation about Western Bank. Mayor said it is the fire dept vehicle payment. The Cache Valley Bank are two loan payments. Mayor entertained a motion. Ian motioned for approval of March Bills. Ron seconded. All council approved.

Cache Valley Bank Loan to complete the water project. Jon and Eric spoke and concluded that it would cost 600K to complete the Coldwater well project and tie it into the system, including chlorination, etc. Currently Mendon City water funds sit at \$320K. He proposes we take \$200K and put toward the \$600K cost of the project. That would leave a remaining reserve of \$120K in reserve. This will cover the loan payment, maintenance, and repairs. He spoke with Cache Valley Bank. We already have 2 loans with them. Mark said they would give us a 3% loan rate, which is better than we have ever got from the state of Utah from the Drinking Water Board (because of Mendon's high median income). If we use \$200K from our reserves it gives us a loan amount of \$400K. There are still some bids that we need to get. We are estimating a little high at this point. The city needs to offer some sort of collateral to secure the loan. Jon asked that we look at about 18 acres

above the city (on the 300 N. road) that is not developed this included the expansion area. He will run the numbers to see if it is enough to secure the loan. If not, we will look at the 5-acre parcel for collateral where the deep canyon spring is located. Ron said the 18 acres would probably be worth \$300K. Jon said that there would be \$3K in closing costs associated with the loan. Ron wondered about the land by the school for collateral. Mayor Buist said not to include it unless we had to. Mark thought the 18 acres would be enough. Ian asked when we will know when the preliminary appraisal would be done. Jon said it would be done in about a week. Jon noted that the small business loans are all going through CV Bank, which is eating a lot of their time. Jon asked if we go with a 15 year or a 20-year loan. On a 15 year it would be \$2762/month. On a 20 year it would be \$2218/month.

Annually we are taking in \$235k at \$19,620/month (these are close estimates). Our annual cost run about \$235,891. This number is comprised by several things. We have a balance from the state of Utah from the loans those add up to \$834K (that is a 20-year loan that we used for the booster well and drill the cold water well). We have been paying on that for the last 7 years. That annual payment is \$72,356.80 due in August. To secure the drinking water loan, Mendon was required to do two things. We needed to set up a reserve amount to have one year's payment funding (\$23,544). We are supposed to set that aside as a reserve for the one-year payment amount. We purchased land and 112 irrigation shares (Mendon Central Irrigation) that originates on the forest service property up on Coldwater road. That was purchased with a 10-year loan. We owe \$87,004 on that loan. We pay \$1,370.55 per month (total annual payment of \$16,446). In order to manage and operate our water system it costs about \$100K (that does not include making improvements). They also want us to build up a year's reserve to match our revenue. In order to do this project, we will use our reserves so we will have to build our reserves back up. Jon asked if there were any questions on costs or revenues. If you total what we pay on a yearly basis to the state of Utah plus the reserve amount plus the Cache Valley loan amount plus what it takes to maintain plus building up reserves, it totals \$235,891. The numbers are based on our base rate. He did not include additional amount for overage because you cannot rely on it. Jon has run the numbers based on the base rate we pay each month. Daphne provided Jon with the overage amounts. Annually we are \$15-20k coming in on overages. There is a little interest that comes in from the state. Jon feels we need to focus on the base rate to make these to make the costs balance. Ron guessed that overage amounts are used to build up reserves again. Jon said that is correct. Jon noted that we also use water impact fees to add to reserves (which is a little under \$5400). We will be using what we have collected from impact fees for this project so we will be starting over with that as well. Ron asked if we need to increase our water impact fees. Eric is looking at assessing water impact fees. That will be coming in the near future. Jon asked if there are questions on revenues or costs. Ian asked what the difference is between the base rate and water impact fee. Jon said that as a city we are allowed to charge for the future needs of our

water system. Mayor noted that when a home is built an impact fee for water is charged for that builder. The base rate is what is charged each month along with overages. Jon noted that our annual revenue and annual cost is really close together. So, in order to secure an addition \$400k for this project and to pay that back on a monthly basis, we need to take a look at adjusting our base rate. Jon said that some people recommend that people who are new to the city or the ones who use the most water pay these higher amounts. However, we cannot capture funding with overages and impact fees on a consistent basis. Therefore, we need to increase our base rate. Scenario one would change the base rate from \$45 to \$50 then that would increase about \$2,180 per month. So, the total amount we would expect to come in would be \$21,800 and we would expect to increase by about \$26,160. Scenario two would raise the base rate by \$6. That would raise generate \$2,616 which is closer to the 15-year loan amount. So, the question is do we want to go with a shorter loan and a higher rate or a longer loan and a lower rate.

Jon feels we can raise the base rate \$5 and still go with a 15-year loan. It would only take ten new homes to make up the amount. And we could cover things with a 15-year loan. Bob asked how much time we had left. Cache Valley Bank loan is 6 years. We have 13 years on the state loan. Bob wondered if it is possible to refinance current loans. Cache Valley bank suggested that we needed a new loan. The new loan would have a better interest rate. Bob would like to take advantage of the interest rate in regard to our other loans. Mayor urged council to go for a \$6 rate increase, just to keep a better cushion going forward. Jon noted on an annual base you are talking \$60 vs.\$72. It has been 7 years since we've adjusted the base. Jon also would like to increase overage rates as well. Jon is cautious to increase it too much because people tend to not go over. Mayor noted that it does buoy us up in terms of water conservation. Ian did an inflation estimate. What was \$45 in 2013 is now about \$50.97 in 2020. Ron said it would suggest the \$6 increase. The state of Utah wanted Mendon to raise water rates to \$75. We did not want to do that to our citizens. Bob asked if we vote to accept the loan, do we have to go through a public hearing. Jon said that we would have had to have a public hearing if we secured the loan through the state, but we don't if we secure the loan locally. The rate increase does not need to happen until June. Then in June we can have a public hearing on the rate increase. Mayor asked if there are other questions. He asked for a motion to push forward and proceed with the loan. Jon motioned that we pursue a loan with Cache Valley Bank to complete the cold water well system. Ron seconded. All were in favor. Motion approved. Jon will proceed.

Ian received answers to our questions from last time. We received notice that our services will terminate May 10. Ian contacted them about an extension because of social distancing restrictions. For Mendon city the only services that we need are impound service for dog and the quarantine service for dogs. Those costs are \$150 per animal and quarantine services are \$350 per animal. The humane society

charges those fees to Mendon City and then it is up to Mendon city to charge the owners the balance. Paul Cressall noted that the owner pays the impound fee to get the animal back unless the animal is not claimed and then Mendon city pays. Mayor is concerned about Mendon city being the middleman and having to recoup our cost. Mayor asked Ian to get with Daphne and explore other options. Council decided to look into other options. Ian will try to get them to extend the deadline. The concern is that Mendon is the bill collector. Mayor wants us to go shopping. Council agreed.

Kirk hired an assistant yesterday and they have started working. Ed was in on the interview and the new hire is a good young man. We have one burial this Saturday.

Eric Dursteler said that they had the bid opening today on the cemetery. Naylor was the low bidder on both projects. We need to decide which option to go with the low bidder for that project. Eric said was the second lowest bidder. The City Council needs to decide if they want to go with option A or option B, as well as which bidder. Naylor is in the valley. Bob was surprised at their mobilization bid. Mayor asked if there was discussion about lowering the mobilization fee. Eric said he could do that before he awards it if needed. Depending on whether we can get approval from the attorney on whether we can waive the mobilization fee then we can go with the lowest bidder. If not then we will have to go with the next lowest bidder, which is LeGrand. Bob asked if the asphalt is a separate line item that is not included in the total cost. Naylor's asphalt cost was about \$22K for asphalt. Eric said this is for the whole loop. Bob want to figure a rough cost for installing sprinklers. He will have that info for the next council meeting. Eric said that we could reduce the base to 12 inches and have 3-4K for a parking area. Bob is wanting to know what size pipes will be needed. They will need to go in before the roads go in. Kirk was asking about chip and seal around the cemetery and they said it would not be a good idea because it is a sensitive area. Also, chip and seals erode on the edges as people drive off the sides. Kirk recommends a 3-inch hot mix to build a good solid road. The vault trucks that come in off the roads will do best on a solid road. Chip and seal only work well if there is a lot of traffic on the roads to compress the gravel to make a good road and there is not enough traffic at the cemetery. Eric asked if there were any questions on the bid results. Mayor asked if we should vote as a council to award this and get going. Eric said we should award it conditionally based on Seth Tait's findings. Bob is in favor of a more solid road. Mayor asked if there were any questions. Mayor entertained a motion to move forward on his conditions. Bob motioned that Mendon have Eric proceed to award the bid to Naylor on the conditions that were previously discussed, based on those requirements for option B. Greg seconded. All approved.

The Rupps contract is ready to go. Jon asked if we want to pay in a lump sum or make drafts off the loan. Eric asked what is more effective for the city. Jon needs

to consult with Daphne or Paul to decide on the best strategy. Mayor prefers to go with draws and not the lump sum.

May Day committee is still discussing possible scenarios. We have not cancelled. We are still postponing. He is waiting to hear back from the committee to see what their feeling are.

Mayor noted that the Governor extended the stay at home order until April 30. Mayor said that it is probable that it will be postponed to later in May. There is a distinct possibility that it may be cancelled.

Bob and Mayor will meet with committee and let people know.

Ron also mentioned that he circulated a report from Heidi Taylor. If anyone has any comments on what is going on at the library, they are welcome to email Ron. Second, Steve Stokes is wanting a riding arena down by the school. You can email Ron if you have any questions or concerns. Ron noted that we may be able to do our 24<sup>th</sup> animal chase down there. Kids could also train their fair animals there. Ron asked that everyone take a look and provide feedback and he will bring back a full proposal.

Mayor asked if there were any other reports. Mayor entertained a motion to adjourn. Jon motioned to adjourn. Ian seconded. All approved. The meeting was adjourned at 7:34 PM.