

TOWN HALL MEETING BY THE CITY COUNCIL OF EAGLE MOUNTAIN, UTAH

Wednesday, February 13, 2013

7:00 p.m.

Eagle Mountain City Council Chambers, 1650 East Stagecoach Run, Eagle Mountain, Utah 84005

7:00 P.M. – CITY COUNCIL CHAMBERS

ELECTED OFFICIALS PRESENT: Donna Burnham (arrived 8:30 p.m.), Ryan Ireland, Nathan Ochsenhirt, John Painter, Nathan Ochsenhirt and Richard Steinkopf.

CITY STAFF PRESENT: Ifo Pili, City Administrator; Jason Walker, Asst. City Administrator; Jeremy Cook, City Attorney; Fionnuala Kofoed, City Recorder; Melanie Lahman, Deputy Recorder; Paul Jerome, Finance Director; Rand Andrus, Fire Chief; Linda Peterson, Public Information Director; Ikani Taumoepeau, Management Analyst; Chris Trusty, Public Works Director; Adam Ferre, Energy Director; Sheriff's Deputies Eric McDowell, Shawn Chipman, BJ Eccles, Cory Wride and Garrett Dutson; Angie Ferre, Special Events Director; Jessica Alvarez, Mayor's Assistant; Angela Velazquez, Administrative Assistant.

1. Call to Order and Welcome – Honorable Mayor Jackson

Mayor Jackson called the meeting to order at 7:06 p.m.

Mayor Jackson welcomed everyone in attendance. She explained that because of the number of people attending, the building capacity was exceeded and the Fire Marshal ordered the doors to be locked to prevent any more people from entering.

City Recorder Fionnuala Kofoed outlined the procedure for public comments.

Councilmember Ireland

Councilmember Ireland thanked everyone for coming to the meeting. He stated that he's been a property owner in Eagle Mountain since 1998. He has a long history with the City and hoped that some of that history will be made clearer tonight. He's had the privilege of serving on the City Council for six years. He takes the budget very seriously. He is very careful about City spending and the same is true of each member of the Council. All people have different boundaries in their decision-making. He hoped that everyone could be respectful and appreciative of others' opinions. He is very appreciative of the other Councilmembers, Mayor and staff.

Councilmember Ochsenhirt

Councilmember Ochsenhirt also hoped everyone could be respectful. He's been on the Council for nearly six years and has never seen an audience this big at a Council meeting.

He hoped that those attending the meeting will share the information discussed tonight with their friends and neighbors. He has read many of the online comments and was discouraged at the hateful tone of many of them. He expressed gratitude for the staff and how hard they work, especially at difficult times like this. He loves Eagle Mountain and hoped everyone will leave tonight with a better understanding of the true situation in the City.

Councilmember Painter

Councilmember Painter introduced himself. He's from Mississippi. He's employed at IM Flash Technologies and has lived in the City since 2006. He gave this information to let the residents know that he is a resident first and a Councilmember second. He's learned a lot while being on the Council. He entered the Council ready to correct the many wrongs he had heard about. Over the last few years, he's found that the City is fairly normal. There have been many disagreements, but none has been based on unethical, illegal or scandalous motive. He asked residents to understand that the Council's purpose tonight is to educate and inform. Every year during the budget process he pleads for more people to get involved, to help the Council understand their interests and directions. He promised that all verified issues will be reviewed and followed up on. He was confident that this meeting will create a positive change for the City.

Councilmember Steinkopf

Councilmember Steinkopf said he is starting his second year on the Council. He and his wife, Mary, have lived in the City for twelve years. They're retired and on a tight budget. They know what it is to raise families, look for jobs and make decisions, which don't always turn out well. Eagle Mountain is a growing city. The City is only 16 years old and many difficult decisions have had to be made, some which worked well and some which haven't. It's difficult to compare Eagle Mountain's services with other, older cities. He spent seven years on the Orem City Planning Commission. Sometimes improvement takes longer than people expect. He said he's heard comments about integrity and corruption; he stated that he and the others involved in Eagle Mountain are not corrupt. That was uncalled for. He said the City will listen to the comments made tonight and improve because of them.

Mayor Jackson

Mayor Jackson has lived in the City for 14½ years. She got involved in politics very early. Later, in 2005, she was asked to run for City Council. Because 2006 was a very difficult year, she chose to run for Mayor in 2007 and was re-elected in 2009. This is her sixth year of being Mayor. She loves the community feeling here. She mentioned that there is a member of the State Auditor's Office in attendance, as well as the City's financial consultant, auditor, and Representative David Lifferth.

2. Presentation – Staff

City Administrator Ifo Pili presented information in response to a recent report circulated in the City.

Mr. Pili stated that he is not an elected official and gave his employment history. In 2006 he was an intern, hoping to return to professional football after a hiatus in which he was completing his master's degree in Public Administration. During 2006 the Mayor, Chief of Staff, Planning Director and Management Analyst left the City. Mr. Pili became Acting City Administrator while he and the new Mayor searched for an experienced City Administrator. Although Mr. Pili and his wife had planned to move out of Eagle Mountain, they decided to stay. Mr. Pili became a Management Analyst, then the Assistant City Administrator, and then the City Administrator upon John Hendrickson's retirement eight months ago.

Mr. Pili mentioned that he had a meeting with a couple of residents earlier in the day. They said they didn't think the City is corrupt; they were upset that utility costs have risen so high. Mr. Pili believes his job as a City Administrator is to be more communicative and transparent, to provide accurate information so the residents don't need to go to other sources for information.

Mr. Pili stated that he's been asked frequently why utility bills are so high this month.

In general, bills were higher because of increased usage, problems with the electronic meter reading equipment, carryover bills, and human errors. Mr. Pili suggested that residents ask for a printout of their utility account, which will show more detail than bills that are sent in the mail. If they still have concerns, they are welcome to review their bill with an employee. The City has tried to keep the mailed bills to one page to save on costs. The utility rates are available on the City website; however, several residents have asked to have them on the mailed utility bills, as well. The rates will be included on the mailed bills as soon as the bill template can be reformatted. The cost to the City will be about \$10,000 annually.

He suggested that if residents are concerned about the reliability of their City meter reads, they could compare their usage to previous months and years, compare their usage with neighbors with similar homes who live inside and outside the City, or call Questar and ask what their rates are. He asked residents to remember that the last few months have been the coldest since 1949. Since bills are sent the month after power is used, next month's bills will be high, too.

Mr. Pili stated that, while the City's utility rates are about 15% higher than the average of cities in Utah County, the City's taxes are lower than many others, which makes the residents' total cost about average.

Mr. Pili asked Laura Lewis, the City's financial advisor, to discuss utility bonds. She said that she has worked with the City nearly since its beginning. Questar and Rocky Mountain Power were asked to provide power to this area. They refused because it would take too many years to recoup their investment in infrastructure. Much of a city's infrastructure is not scalable, meaning it has to be built large enough to accommodate future growth. The City had to take out bonds to build the utility infrastructure. Quoting from Standard and Poor's 2010 appraisal of the City's gas and electric systems, she stated

that the gas system served 5,524 customers in 2010, and has the capacity to serve 25,000. Fitch Ratings reported in 2010 that the electrical system served 5,434 customers, about 50% of capacity, but the switchyard and transmission lines can handle approximately 30,000 customers. In 2010, Fitch found that Payson's electric rate was considerably higher than Eagle Mountain's.

Ms. Lewis discussed capitalized interest. Bonds are fixed income securities. The money borrowed from the bondholders is held by a trustee. Interest is paid from those funds until the facilities are built and can begin producing revenue. Federal law allows interest to be capitalized for three years.

Mr. Pili explained that the City has debt from the original capitalized bonds, a bond issue in 2007 and another in 2011. The City has nearly 6,000 households. The current infrastructure can handle 30,000 households. Rates will come down as there are more households to carry the payments.

Ms. Lewis pointed out that it's unusual for a city to have as few commercial customers as Eagle Mountain has. Commercial customers take a higher burden of utility payments.

Mr. Pili explained the financial breakdown of the City's utilities. The highest expense for each is purchase of gas or electricity for resale. The next highest is debt payments, followed by transfers to the General Fund. All departments provide services related to the utility departments, so the utilities contribute to their operation. Although some see this as "money laundering," it's a legal and almost universal practice among Utah cities which own utilities in order to fund government services. Mr. Pili referred residents to the 2013-14 budget document on the website for more details. He invited anyone to come to the City's budget meetings and to ask questions about any line items.

Energy Director Adam Ferre pointed out that Eagle Mountain has the fastest-growing municipal utility of all those in Utah, California, Nevada and Idaho that are part of the Utah Associated Municipal Power Systems (UAMPS).

Ms. Lewis pointed out that, in order to take out bonds, the City has to maintain a cash reserve of \$1.25 net revenues per \$1.00 of the bond amount borrowed.

Mr. Pili addressed the concerns expressed by residents about funds being transferred from the Enterprise Funds (gas; electric, garbage, sewer, water & storm drain) to the General Fund. He explained that the General Fund totals \$8.8 million. About 90% of the property tax paid by Eagle Mountain residents goes to the school district. The property tax received by the City only amounts to 12% of the General Fund. The City gets more revenue from sales tax (21% of the General Fund) than from property tax because of the State sales tax formula. Twenty-four percent of the General Fund comes from utility billings. Previous administrations decided to transfer income from the utility funds to prevent a spike in the City's portion of the property tax. Without those transfers, the City portion of residents' property taxes would double or triple. All cities in Utah that have

municipal utilities transfer funds into their general fund. The figures are detailed in the budget document, which is available on the City's website, eaglemountaincity.com.

While Eagle Mountain employed its own Fire Department, it cost \$1.1 million annually. That equaled the total amount received from property taxes. Sales tax covered police services. The City had to find revenue to cover streets, parks, the library and other services.

Mr. Pili addressed several other points found in the report Mr. Allen wrote:

The City spends money on Pony Express Days because the residents want it. The Council, in a split vote, decided to invest in the rodeo; which was expected to increase sponsorship and reduce the City's expenses. Other events have been added to help Pony Express Days pay for itself. The City created a Special Events Department to reduce thousands of dollars in overtime costs. Last year, even before there was a Special Events Department, City employees involved in special events raised \$120,000 in sponsorships. The goal is to make the Pony Express Days self-supporting.

Claims have been made that salaries are excessive. The Mayor's salary was set in 2005, before she was the Mayor. The salary was set in a public City Council meeting. Mr. Pili makes \$115,000, not \$157,000 as has been claimed. In his profession, that's a medium-range salary. The additional amount is for benefits. The Assistant City Administrator also makes a mid-range salary. The City Recorder is in the 60th percentile of Recorders' market range.

Mr. Pili noted that the City's receptionist has received hateful calls claiming that she makes \$60,000 per year. She's a part-time employee making \$8.00 per hour. He asked those making the harassing phone calls to stop.

Mr. Pili stated that it's become clear to him that he hasn't been transparent enough, and will see that City government becomes more transparent. The City's budget is audited annually by a third-party, independent auditor, as required by the State.

Paper time sheets were objected to. Mr. Pili said that he has learned that the more trust given to employees, the more trust they earn. People who are willing to cheat on the job will find a way no matter how time is tracked. The International City Managers' Association says that 50% of cities use the same paper time sheet system.

The Pony Express statue cost \$25,000, which was paid for by a county grant, and not \$250,000 as has been claimed.

"Gastronomic orgies" for City employees were monthly birthday lunches for employees as morale boosters, which cost the city \$2,500 per year. Most other morale-oriented activities, such as the Christmas party, have been discontinued. Mr. Pili and the Mayor decided this year that the cost for the lunches wasn't significant, but the time taken from

the workday was excessive; therefore, they removed the birthday lunches from the budget.

Mayor Jackson responded to some of the accusations levied at her in the report being discussed. She said the military utility discount was passed by the Council specifically for soldiers deployed in the War on Terror. A previous Mayor chose to extend the discount to any active military member. The Council reviewed that action and confirmed that it should be provided to all the military. Mayor Jackson later applied for the discount.

Some believe that the tiered water rate structure was put in place as an advantage to the Mayor who has a large lot. Mayor Jackson explained that the ordinance was put in place to encourage water conservation and provide assistance to owners of large lots.

Regarding the PRCA convention in Las Vegas, Mayor Jackson stated that the PRCA invited her to speak about the City's transition from empty land to an award-winning first-year rodeo. She went to the convention early to make sure that the City representatives knew where and how to set up their presentation. They then stayed for the NFR to see how that was run and used the time to network with sponsors.

Mayor Jackson has held City Council dinners at her home. Mayor Jackson explained that that when she was on the Council it was an antagonistic time and she felt that, as Mayor, it was important for her to provide opportunities for the Council to visit with each other. When the Christmas party was cut out of the budget, the Mayor invited the Council to a Christmas dinner at her home. Council dinners are budgeted for each year.

Mayor Jackson stated that she hasn't visited Washington, D.C., since April, 2011.

Guns at the rodeo were prizes to winners of events. Funds for the prizes were donated by a sponsor. The rodeo contestants picked the guns up at the distributor where background checks were conducted. When black-powder rifles were awarded, they were sent directly from the distributor, as they don't require background checks.

Regarding the complaint that Mayor Jackson's assistant babysat for her on City time, she explained that her assistant was also her friend and neighbor and in that capacity had helped her to clean her home and watch her children on her own time. It was brought to the Mayor's attention just yesterday that the preschool her children attended wasn't licensed. She had chosen the preschool based on recommendations she received. She didn't inquire about the business license, as she doesn't inquire about any business she uses.

Mr. Pili said he received an email saying the City has an account in the Cayman Islands. Zions Bank named a municipal account the "Cayman Account," but it has nothing to do with the Cayman Islands. He told residents to call the Zions Bank branch manager for information, not City staff.

Regarding City vs. private management of the utility services. Mr. Pili recently told the media that he believed the private sector could do it better. That was based on his belief that the private sector should be able to conduct any such enterprise better than government. The comment had no bearing on City staff. Staff members are as educated, efficient and capable as anyone in the private sector.

Finance Director Paul Jerome read a notice dated Feb 11, 2013, from the State Auditor, stating that the office received a complaint regarding Eagle Mountain utility billing and accounting practices. The office is currently reviewing the complaint. Mayor Jackson pointed out that the State Auditor's Office is reviewing the complaint, and is not investigating the City at this point.

3. Open Discussion, Questions and Answers

Mayor Jackson opened the meeting up to public comments at 8:40 p.m.

Kenn Kochan, 1856 Church Way, said he knows the City is in tight financial trouble. One thing that makes a bad impression is when employees are sitting in two City trucks just chatting while no City work is being done. Although they may be talking about work, it looks bad. He also said he sees City employees driving to work in City vehicles and felt they shouldn't use them for commuting. Perhaps City trucks could be stationed at the City limits to save wear and tear.

Mr. Pili said that employees are only allowed to take vehicles home if they're on call. Two people need to be on call at all times for gas and electric emergencies. Water and sewer require one each. City staff will check into the claim regarding employees parking their trucks together and chatting.

Robert Allen Schermerhorn, 2259 Cedar Drive, said his electric bill nearly doubled each month for the last two months. He felt it was because the City took over the electric service from Rocky Mountain Power (RMP). He didn't believe the numbers presented by the City were accurate. He wants to know where the utility money is going and why. He said he didn't mind how much City employees make, but if the City can't afford to pay it, they shouldn't earn it.

Mayor Jackson said the City had to take over electric service from RMP because they no longer wanted to service Eagle Mountain residents. She asked Mr. Schermerhorn to bring in his bill and have it reviewed. She explained that Cedar Pass Ranch existed prior to the City's incorporation and was serviced by RMP. RMP serviced a few other areas in the City. They threatened a lawsuit if the City didn't take over the service. The City negotiated an agreement in which it took over the RMP service.

Marshall Overcast, 1869 Sunrise Drive, wanted billing to be more transparent. He wanted a website that will give a customer's billing history, as is done by Idaho Power.

Mayor Jackson said all the Councilmembers have said utility bills need to be more transparent and the City is working on that.

Allison Christensen, 1912 Church Way, said Mr. Pili is her neighbor and is an honest person. She said she brought her bill in and the numbers she was given don't match. She said her unit price has gone up more than 60%. It looks like she's paying more when she uses less. She wants to know why there is a fluctuation in the per-unit price.

Mr. Jerome offered to review Ms. Christensen's bill with her. Mayor Jackson explained the differences in the City's sewer systems. There are three systems: a sewer treatment plant in the City Center. The Ranches uses TSSD and other areas use septic systems. Mr. Pili said the City's gas rate doesn't fluctuate, so there may be something wrong with her bill.

Ed Kluber, 7521 Addison Avenue, represented several people. He asked what the Council plans to do to counteract all the incorrect information going around about the City. He wanted to know who provides the utility analyses and what their qualifications are. He asked if the City would publish the job titles, responsibilities and compensation of City employees and a comparison to other cities and private industry. He asked why the City bought windmills in Idaho for energy sales if there were no investors. He asked what the required principle & interest payments are on the City's debt. He felt that the City's debt to interest ratio is too high. He asked if there was any unspent money left in the bonds. He said HOAs still have outstanding bonds being held by the City and wanted to know how the funds could be released.

Councilmember Ochsenhirt pointed out that all the Councilmembers have email; there are two City Council meetings each month. All the meetings and Council actions are given public notice in advance. Meetings are filmed and placed on YouTube. The City does a good job of making information available, but residents need to come to the meetings and email the members of the Council with their concerns.

Councilmember Burnham said she was frustrated last November as budget billing wasn't done. She talked to Mr. Pili and he said the City would send out a letter, but it wasn't sent until after the fact. A letter wasn't sent out about this month's billing problem either. If notices need to be sent out, send them out on time. She also said that residents have to stop calling and swearing at the utility clerks.

Mr. Pili stated that he'll put a document together detailing the City's rates and analysis. The City plans to start a blog to provide better communication. He said he'll make sure that letters go out when increased utility bills are anticipated. Lewis Young Robertson & Burningham, the City's financial consultants, recently completed a water and sewer rate study. Sawvel & Associates just completed a gas and electric rate study.

Energy Director Adam Ferre responded to the question about the Horse Butte windmills in Idaho. The Horse Butte project was the City's best opportunity to add renewable energy to its portfolio. Mr. Ferre sits on the UAMPS board and residents can call

UAMPS with questions. They can also come to Council meetings when items like this are voted on or call the Energy Dept. for answers to questions.

Financial advisor Laura Lewis explained the City's debt to income ratio. The municipal bond market has different ratios than those for personal debt. It considers tax rate, growth rate, debt to taxable value, debt per capita and cash reserves. The City has no general fund debt (general obligation bonds). It has gas and electric, water and sewer, and special assessment bonds. It also has excise tax revenue bonds, which are funded by gasoline taxes and are to be used for roads. Ms. Lewis explained the City's bond ratings.

City Attorney Jeremy Cook said that subdivision improvement bonds have been called several times. The City tries to work with developers first to avoid the costs of calling the bonds. The City is actively pursuing a number of subdivision improvement bonds.

Brent Waldrop, 4002 Eagle Top Court, recommended that the City Council look at the recommendations in Sam Allen's report. He objected to the City spending \$25,000 on the Pony Express statue and the financial losses due to Pony Express Days. He questioned whether providing entertainment was the role of government. He asked the Council not to waste his money and said he doesn't have confidence in City government.

Justin Loera, 7487 Addison Avenue, spoke to Mr. Pili on Sunday. He asked the Council to explain how event costs are tracked. The industry norm is to include all salaries and overhead associated with an event. He asked why it takes so long to share metering issues with the residents. He said he's done his own analysis and found that South Jordan's and Orem's gas bills are 50% lower than Eagle Mountain's. His gas bill has gone up 50% in the last two months. He also asked what the Mayor and Council are doing to bring retail businesses to the City.

Mayor Jackson responded that the City is working on economic development. All the retail companies have said they want more "wallets" in the City on a daily basis. Although there are people working in the City during the day, most commute out. Saratoga Springs is smaller than Eagle Mountain, but it's strategically located, which is what national companies want more than a population figure. Ridley's Market is coming in with an included Ace Hardware. Other companies will come after that.

Mr. Pili said that the Coop's Market process lasted four years, but Mr. Cooper couldn't get the financing for the project. Ridley's is a stable chain with the financial backing to build the store. They expect to start building in March. Having an anchor tenant will bring in other businesses.

Councilmember Ireland stated that from a business owner's perspective, anyone who wants to build a business in Eagle Mountain is welcome. Unfortunately, location matters. From a business standpoint, Saratoga Springs is able to use Eagle Mountain's population count because we drive through there. Eventually, Eagle Mountain will be big enough to have all that retail. Right now, it's unrealistic; retail companies that want to make money look at return on income and choose to build where they can get the best return. Non-

retail businesses don't depend on location as much. The City is competitive for those because there is inexpensive land and a smart workforce.

He also clarified that the statue was built using a grant from the County restaurant tax, which is restricted to arts and parks. The majority of the Council elected by the people chose to vote for it. Those who don't like the tax should talk to Rep. Lifferth about it. Councilmember Ireland has stated his objection and disappointment regarding the tax to the State.

Councilmember Painter discussed the proper role of government. The City has been offering partnerships to businesses for years in the form of proving tax increments and creating redevelopment areas. If residents want the Council to do more business development, they need to come to budget meetings or email the Council. They need to get involved. Very few people attend City Council meetings. Decisions are made through the budget process.

Mr. Pili explained that salaries have not been counted in Pony Express Days figures because the work was done by existing City staff. Now that there's an Events Department, salaries will be counted. Employee overtime was included in calculations before there was an Events Department.

Finance Director Paul Jerome said that the electric reads were correct, but not all of the gas reads worked. The meter reader kept driving around in an attempt to get as many good reads, but he had to quit at some point in order to get the bills out on time. The City estimated 20% of the gas and water reads for this billing period, using the previous month's reads. The problem with the meter reader resulted in some of the reads being for five weeks. City staff was unaware of how the historic cold was going to affect the meter reading equipment. Residents whose bills included estimates for gas were actually lower this month and they should expect to see an increase next month.

Lianne Pengra, 1134 Searle Lane, is a former employee said she was told that the Mayor was under the impression that she was behind Sam Allen's report, which she found offensive. She just met Mr. Allen today. Her concern was about transparency. She stated that in 2010 the Energy Department donated \$30,000 to Pony Express Days. In addition, the man-hours required to build the rodeo grounds were not included in the financial figures presented to the Council after the event. In December 2010, Angie Ferre was asked to speak at the PRCA conference in Las Vegas. Four people attended, which was unnecessary. The Mayor doesn't attend conferences with other department heads. Although Mayor Jackson said she was with other committees during the NFR, Ms. Pengra's understanding was that she was with the City's stock contractors. Multiple day tickets were purchased for the NFR. If the intent was to learn how the rodeo was put on, one day would have been enough.

In 2011, Ms. Pengra went to a special events conference in Las Vegas, while Mayor Jackson, her husband and Mr. and Mrs. Ferre attended the PRCA conference. In 2012, the same four people attended PRCA and NFR again, when only Ms. Ferre's attendance

was needed. Her main concern was the “creative budgeting” used in the post-event report that is made annually after Pony Express Days. Expenses that are not paid until the next budget year (starting in July) are not part of the presentation.

Councilmember Painter asked for clarification about the Energy Department donation. Mr. Pili said that the City Administrator at the time brought it forward. Mr. Ferre said it was a known donation as a chute sponsor, to help the rodeo get started. Councilmember Painter said that the City Council has to be both governing body and a utility business manager.

Patrick Murphy, 3393 Peregrine Road, thanked the Mayor and Council for their time. He asked why the Executive Department is 8% of the City’s budget and Nondepartmental is 6%. He also wanted to know why the City joined the Unified Fire Authority and what effect that would have on his taxes. He asked why other cities didn’t have complaints about utility bills. He noted that Councilmember Steinkopf stated in his opening remarks that almost no one in City government was incorruptible, so who does he think is corrupt and why?

Councilmember Steinkopf said Mr. Murphy’s reference to corruption is a broad statement. Councilmember Steinkopf hadn’t said any names and he didn’t think anyone involved with Eagle Mountain City government is corrupt.

Mr. Pili named all the positions in the Executive Department: City Administrator, Mayor, Assistant City Administrator, Human Resources Coordinator, Facilities Manager, Public Information Officer, Management Analyst and Executive Assistant. Nondepartmental is a budget for costs that serve all departments, like supplies, IT, insurance, building and grounds maintenance, etc.

He explained that the City joined the Unified Fire Authority to save money on necessary fire protection personnel and equipment. Councilmember Painter pointed out that the City tries to minimize its role and this was an opportunity to privatize a function that was previously provided by the government. Councilmember Ireland said the City has been trying to join a fire district for years. Up until the City joined, UFA was a Salt Lake County only entity. UFA will now show up on residents’ property tax bills. Councilmember Ireland pushed hard to place that payment on property tax and reduce the utility fees. He feels that the best and most transparent way to fund government is through property tax.

Ms. Lewis commented that most cities operate their own water and sewer systems. She’s been to many public meetings where they have discussed increasing utility rates. In Ogden, the system is so old and inadequate that they have to raise rates, which was delayed by previous city councils. The residents’ complaints in Ogden, and similar cities, are that they would have preferred to have their rates raised sooner so the rates wouldn’t be increased so much at one time. Mayor Jackson pointed out that Eagle Mountain is not raising its rates.

Assistant City Administrator Jason Walker said that the power at his home comes from Questar and his bill went up \$105 this month, even though he was out of town for two weeks. Bills are higher everywhere.

Marianne Smith, 6104 Lake Mountain Road, commended the Mayor and Council for their service. She pointed out that gas rates cost less than propane. She asked if people could be better notified about meetings, perhaps on the utility bills. She told Councilmember Ireland that she would like the airport to be developed. She said he just started on Eagle Mountain electricity a couple of months ago. Her bill was the same both months. She reads her meter every month to watch for its accuracy, and recommended that others learn to read their meters. Mrs. Smith stated that the entrance from Pony Express Parkway to Lake Mountain Road is awful. There's no light and the road is full of potholes. She wanted to know why she is charged a storm drain fee when she doesn't have a storm drain.

Mayor Jackson explained that the storm drain fee is citywide. She asked Public Works Director Chris Trusty to give some more details. Mr. Trusty said that any road that a resident drives on has a storm drain or swales and culverts, including Lake Mountain Road.

Councilmember Painter felt that the storm drain fee isn't a direct usage, but is a shared cost. People can't opt out of school taxes because their children are out of school. All residents drive on roads that are paid for by the City.

Mayor Jackson pointed out that this meeting was set on Sunday night. However, she appreciated the suggestion that meetings be listed on utility bills.

Elaine Devlin, 2804 W. Jordan Way, said residents have waited in line a very long time and have to speak very quickly because they're only given a limited time. She wanted the Mayor and Council's responses to be concise. She wanted them to remember that the money they spend comes from the taxpayers. The Mayor and Council can afford their bills. Many residents can't afford their bills. Her bill went up \$130 and she doesn't see how that could happen. She didn't see how the temperature could have caused a \$130 change. She felt cheated and betrayed. She would have preferred it if the money that was spent on the Pony Express statue had gone into library books. It would have met the grant requirement for an arts expenditure.

Councilmember Ochsenhirt reminded everyone that he works and lives paycheck to paycheck. He got an enormous increase, too. To say the Council doesn't understand the ramifications of what they do is not acceptable.

Councilmember Ireland encouraged everyone who struggles with high seasonal bills to sign up for the budget billing plan, so their payments can be more consistent throughout the year.

Councilmember Burnham reminded residents that utility rates have not been raised. Residents used more gas because of the record cold temperatures. If there was an error on a bill, anyone is welcome to bring it in and review it with an employee so the error can be corrected. She pointed out that anyone with an electric water heater is going to have higher costs during cold weather because the water comes into the house bitter cold. She said the Council understands what it's like to live paycheck to paycheck.

Spencer Pack, 2121 Revere Way, requested more transparent utility billing statements, including cost per unit. He said it's understandable to raise property taxes, but it's not acceptable to tax residents through utility bills. He would like to see a long-term goal of privatizing utilities and finding other ways of driving revenue and thought that the City's high utility rates could cause stagnant growth.

Councilmember Ireland stated that utility rates are published on the City's website; they're not hidden, but they'll be more visible when added to the utility bills. As to privatization, the City divested itself of the telephone business when it was able to. It was only in the business because no one else would do it. The City has since privatized parks maintenance. No one will take on the City's electricity business. The Council and administration will privatize whatever possible, but Rocky Mountain Power won't provide service. Wanting it to change will not make it happen.

Karen Scott, 5504 N. Lake Mountain Road, said a streetlight is needed at the intersection of Lake Mountain Road and Pony Express Parkway. The condition of the road is terrible and needs to be improved. People go into the ditches regularly and her family had eleven flat tires last year. She would like the road graveled and graded more often. She said she would like to hook up to natural gas, but it's too expensive. She said a man in the audience asked her to ask why the sewer costs twice as much as culinary water.

Public Works Director Chris Trusty stated that the City grades Lake Mountain Road twice a year, but doesn't add gravel because the B & C road funds, provided by the State, don't cover it. The City can try and find some options for a gravel provider.

Energy Director Adam Ferre explained that the new gas line is high-pressure, not a distribution line. He also said that the City gets a bill from its gas provider, British Petroleum, every month, and BP said the gas usage last month was enormous. The City will get a huge bill at the end of this month, too. He explained that most services are paid for in advance. However, gas and electric are paid for after use.

Mr. Pili explained the sewer rate breakdown. City Center uses the City sewer plant, with rates based on the bond payments. TSSD serves The Ranches and has been raising its rates for the last several years. The City hasn't raised rates, but may not be able to continue at the current rate. City water comes from a deep aquifer, which requires very little treatment. Wastewater requires much more treatment before it can be disposed of.

Matt Visser, 7786 Kookaburra Ct., said the meeting was going off track, beginning with the long explanation of other City issues. It was supposed to be about utilities. He said

one of the early comments was that residents need to check the city and make sure they're billed properly. He said the residents shouldn't have to do that. He said if the read is low, residents have to pay it, but if it's high, he never gets a check back. Regarding bringing in businesses, he doesn't want business here. He came here to be away from business. He doesn't want the city to get bigger. Mayor Jackson did a great job of explaining the City's issues at the beginning of the meeting, but too much time was wasted.

Mayor Jackson responded that it is difficult to administer utilities, including managing equipment failures. City employees do the best they can and they will try to do better.

Sam Allen, 1914 Juniper Drive, said it didn't seem like one person came to support the Mayor and Council, but the Mayor and Council spent the first hour and three quarters trying to save their political careers by saying they felt victimized and that things were unfair, but that's how the residents feel. He talked to Mr. Pili last year about having utility rates added to the utility bills and it still hadn't been taken care of. Having the rates added to the bill was probably the only firm commitment that they had gotten from the Council at the meeting. It was his opinion that the meter reader is too lazy to get out of the truck to read the meters. If a private utility did the same thing and estimated their reads, it would cause riots and a State investigation. He thought it was wrong to address political scandals in a meeting that was supposed to be about utility rates. He believes that the City shouldn't be hiring from within. On the Pony Express sculpture, he said the artist was charging \$7,500 for a bronze, while the City paid \$25,000 for a resin version. He believed the employees are making much too much money and shouldn't be tracking their time on paper time sheets. The rodeo conference was only four days long, but Mayor Jackson charged for eight days. Natural gas rates have hit an all-time low, but the City hasn't lowered its rates. He said the fire marshal has been rude to people who can't get into the meeting because of the size of the crowd. He also mentioned that a utility clerk was rude to him when he came in for a dump pass. He stated that change will happen with the upcoming election.

Mayor Jackson responded that Mr. Allen sent out a report last weekend and asked that the issues be addressed. The Mayor and Council held the meeting to address the issues.

Mr. Pili explained that the City hires from within because that provides known, proven employees.

Mr. Jerome explained that meters are read by one person who needs to read 15,000 meters in one week, which is all the time he has if the bills are going to be sent out on time. Many cities estimate reads regularly. Eagle Mountain only estimates when necessary. Reads will be done next week. Estimated bills are adjusted on the following bill to reflect the new reads.

Teresa Edwards, 7733 Grant Street, was disappointed by how the meeting has gone. She was looking for honesty. She found out a couple of years ago that the Mayor sometimes brought her baby to work and occasionally the staff watched him; so it wasn't true that

the Mayor only had her friend babysit after work. She's lost confidence in the Mayor and wants honesty.

Mayor Jackson answered that she had a premature baby and brought him to work so she could watch him closely. She only left him in her office when he was asleep.

Alice Stearns, 3671 Blackhawk Road, said Ms. Peterson, the Public Information Director, has really protected the Mayor and Council's images. She found it hard to believe that someone who makes \$116,000 per year can understand people on a fixed income. She wanted to know why veterans, firefighters and police don't get a utility discount similar to the military discount. She felt the Mayor was being dishonest.

She asked what the hardest part of the week had been for the Mayor. She felt it was about the Mayor honesty.

She asked Councilmember Painter about the "million dollar mistake" he commented about on the Eagleshare website. Councilmember Painter said he had responded to the issue, not the amount. He asked Mr. Ferre to explain the details. Mr. Ferre said a utility line was installed in approximately 1999, about three feet outside the easement. It cost about \$5,000 to move the line. He also said the recent power outage wasn't because of the line; it was because of the substation upgrade.

Mayor Jackson said she's entitled to the military discount because her husband has been in the military for 23 years.

George Wardell, 2454 Hitching Post Drive, appreciated the opportunity to speak. He said his family is facing difficult economic hardships. He noted that the Council is afforded rebuttal during these comments and the residents are not. He pointed out two City employees that he felt had made rude comments about every speaker; he felt Mayor Jackson had been rude, as well. He was not happy that the Energy Department had made a \$30,000 contribution to the rodeo. He wanted to know what the plan was for correcting the issues.

Marion Cline, 1952 Revere Way, stated that she didn't read the report that several people referred to and was not attending because of that. She was representing neighbors. Many of their questions have been addressed. She asked about payment options for utility bills. She came before the Council a couple of years ago for a community project. It was originally denied, but the Council and administration helped her through the process and she sees them as honest. It is her opinion that Mr. Pili's salary is normal for his profession.

Mayor Jackson said Eagle Mountain participates in the HEAT program through Utah County and offers payment plans. She encouraged residents to talk to the billing office if they're having difficulty paying their bills.

Chantel Patterson, 3919 Parker's Place, said the City needs more flexibility on the utility due date. She's been in the position of being unable to pay and found the employees consistently mean when she's talked to them. She asked why a five-week billing schedule isn't followed by a three-week schedule. She wanted to know why other utility companies won't service Eagle Mountain.

Mr. Jerome said the next read will be for a three-week period. He'd be happy to print out her utility history and go through her account with her.

Mr. Pili explained that the other utilities won't serve Eagle Mountain because the investment would be too large; they would have to pay off the infrastructure bonds. He thinks they'll be interested once the bonds are paid off.

Bonnie ElHalta, 4048 Russell Road, thanked the Council and the employees, who are working a 17-hour day. She appreciated the activity that got people out to the meeting. She has attended many meetings where no one from the public has shown up. She appreciated the time everyone has taken to be here. She's been in many meetings with City officials and staff in this room and has appreciated their integrity. The Pony Express Days and the rodeo are the only things drawing attention to the City to encourage commercial investment. As a retail executive for 25 years, she knows that Eagle Mountain isn't a viable location for retail businesses yet because they can't get enough return on investment. Having lived in the City for years, she appreciates this group for taking a failing organization and trying to make a sound infrastructure to enable growth in the area. Her only question is what can she do to be a better citizen, volunteer and helper?

Mayor Jackson thanked her for her volunteer work.

Donna Milakovic, 4361 Saddle Horn Dr., was at the meeting to support the staff, Council and Mayor, whose hard work provides many benefits to the residents. She works with 25 cities throughout the county. She's been part of the effort to diversify the tax base. If she had trouble dealing with fluctuating utility bills, she would use the budget payment plan. She's heard all these subjects discussed and voted on in many meetings with very few residents attending. Meetings are publicized and people who want to be involved need to show up. The Public Information Director does a great job of providing information. There's going to be a lot of conflicting information during this election year and people need to be at meetings to be informed.

Stephanie Gaddis, 3774 Barton Creek Drive, said that her highest utility bill up to this point was \$360; her current bill is over \$500. She called the utility billing office on Monday and asked about when the bond would be paid. She left her contact information but no one has called her back. She didn't know about base rates when she bought her house and would prefer that bond payments came out of her property taxes. She received three bills after she moved to her new home, one for the old residence and two for the new residence. One was a shutoff notice over a delinquent \$38 bill. She felt the City should work better than that with residents. She called utilities to ask about rebates and

found none were offered by the City or the County. She likes Eagle Mountain and will try to be at the meetings.

Councilmember Burnham stated that City Council meeting videos are posted on the City's website. Mayor Jackson said the Council chose not to participate in a rebate program because giving rebates requires charging more to compensate for them. Mr. Ferre said he's been asked to bring the program back to the Council for consideration.

Ms. Lewis read out the maturity dates of the City's bonds. She said base rates are necessary be able to sell bonds, because they are the only reliable source of bond payments; usage doesn't cover them.

Brad Davies, 3902 Eagle Top, appreciated the residents having the opportunity to speak. He stated that his utility rate is the same this year as it was last year, but he's paying a lot more. His concern is that Golden Eagle Road near Eagle Top is a class B road, but it's utilized as a main artery. By State law, it can't be maintained as a class B road if it's used as a main road. Every subdivision has to have two main arteries. During storms, vehicles can't get up the road. He wanted to know who he could talk to. Everyone he calls tells him to call someone else.

Mr. Trusty explained that the dirt road isn't owned by the City; it's a prescriptive easement. There are other entries into the subdivision. The City would have to try to purchase the right-of-way and set up a funding source to build the road.

Mayor Jackson said that developers have had preliminary plat approvals but haven't built. The City does not own the land to be able to construct the road. She said the City would look at cutting down the traffic and address access issues.

Michael Ware, 3908 Eagle Top Court, travels a lot for his job. He compared his utility costs for the last several years. His bill hasn't fluctuated, even though he's installed over \$4,000 in energy efficiency improvements. Some months he's been gone and his bill hasn't dropped. His neighbor who works at home has a lower bill. When he emailed the utility office last year about the problem, the response he got had nothing to do with his question. He also wanted to see better use of tax funds in the future, such as using them for parks rather than for a statue.

Mayor Jackson asked him to bring his bill in and have it reviewed. The statue in the lobby is the artwork for a full-size bronze statue to be installed in a park. The City is looking for funding for the full-size statue outside of tax dollars.

Chris Thatcher, 7742 Willow Walk Lane, asked about the military utility discount and the large-lot water discount. There should be a combined household income cap on eligibility for the discount. Those with higher incomes don't need \$100 taken off of their utility bill. He felt that veterans should be included in the discount. He believed the half-acre lot water discount favors those who can afford larger lots. It doesn't make sense to offer discounts to people who don't need it if the City has debts to pay. He thanked the

council for giving a clear explanation of City issues. It answered a lot of his questions, although he felt it went too long.

Colby Hunter, 4550 Kestrel Way, read a statement saying the high utility rates are not the issue; rather, the local government is siphoning funds from utility payments to other programs. If the City didn't have a utility, it would have to raise taxes to raise the needed funds. He felt funding of government costs should be paid by property taxes.

Advertising a low tax rate is misleading if utility rates are high to make up for them. He had a hard time believing that the City wants to get out of the utility business when it uses utility money to pay for other expenses. He felt that the Mayor's income was too high to justify her taking the military utility discount.

Robert Turner, 3778 Barton Creek Drive, said that, aside from the utility discussion, it seemed to him that "the squeaky wheel gets the grease." The time and energy required of officials and staff to deal with baseless accusations made by a few. He felt the proposals made will adversely affect the City and utility rates will increase. Eagle Mountain is one of the best communities in Utah and residents are lucky to have such hardworking officials and staff. He asked the Mayor and Council to remember the over 20,000 non-squeaky wheels who appreciate what they do, so they can expend their time and effort elsewhere.

Dottie Durtschi, 7202 Utah Drive, said she was speaking for all the renters in Eagle Mountain. She moved from Saratoga Springs because of excessively high utility bills. She's astonished at her utility bills now. She felt that property owners should pay for bonds. Renters shouldn't have to pay for them.

Ms. Lewis replied that the general consensus is that those who use a service should pay for it. The bonds were used to finance the infrastructure that provides the service. Bond funds go to a trustee who is obligated to verify that the funds are used for what the bond documents require. If the City chose to pay for all or part of the bonds with property taxes, they would collect nothing from non-profit organizations; those amounts would be transferred to other payers. A couple of years ago, a legislator wanted to prohibit school districts from charging property taxes and using them to pay for utilities. He had a different philosophy than some others do.

Mayor Jackson asked Ms. Durtschi to bring in her utility bill and go over it with Mr. Jerome.

Isaiah Mitchell, 3806 Old Salty Way, said he read through Mr. Allen's report and felt that the most convincing thing about a good lie is that it's 90% truth. He knows Councilmember Ireland and Mayor Jackson personally and knows that they are fine people. He doesn't think his utility bill is high enough; his wife applied for the military discount while he was deployed. He didn't want anything special for being in the military. He didn't think it was a fiscally conservative approach. There are civilian and military organizations that can help soldiers who can't pay their bills.

Becky Jones, 1811 E. W. Pinion Cr., didn't want anyone to think she had attended the meeting because she didn't approve of the Mayor and Council. She is friends with Mr. Allen and appreciates the research he's done. She's tried to be at every meeting that brings about change. She would have liked to be informed on her bill that it was estimated. She felt that Mr. Pili handled answering Mr. Allen's report very well.

Chris Thatcher, 7742 Willow Walk Way, regarding the military discount, pointed out that just because a program was approved by a previous council, it doesn't need to remain in place. The current Council has the power to change it.

Wendy Watson, 1164 E. Russel Road, appreciated all the Council members and employees. She said employee salaries shouldn't be judged by private salaries. She would like the City to hire a third-party company to see if City salaries are in line with those of other cities. She also recommended that residents watch out for utahsright.com. The information it presented is sometimes distorted. She had a question about her water bill: her bill was read very high, but was reduced after she called the utility office about it. She asked how the meters are checked for accuracy.

Mr. Jerome responded that the City doesn't estimate water use unless absolutely necessary, such as equipment failure. Other cities estimate regularly. He would be happy to meet with her to review her bill.

Mr. Pili said that the City plans to change to a different meter reading system. That couldn't be done previously without changing out all the meters at once. The new system can be phased in.

Mr. Walker stated that the City doesn't compare its employee salaries with private sector salaries. Eagle Mountain subscribes to a database of municipal employee salaries from around the country to keep salaries equivalent to those in other municipalities.

Janet Back, 1865 Cedar Street, asked why two sewer rates were instituted during Mayor Bailey's administration. If Eagle Mountain is one city, why aren't all the residents paying the same rate?

Mr. Pili explained that the City has considered that and it will be decided by the Council at some point. It's a philosophical question.

COUNCIL COMMENTS

Councilmember Ireland

Councilmember Ireland thanked the residents for coming to the meeting and making comments. He encouraged them to continue becoming informed. Information is available by phone, mail and email and through social media. He suggested that they continue to come to meetings and to volunteer. Municipal elections will be held this year, and he hoped that residents would become informed voters—and vote. He stated that people have differing philosophies as to how municipal government should operate.

They should know what they want from City government and why, and then let the City know.

Councilmember Ochsenhirt

Councilmember Ochsenhirt asked residents to take an active role. If their utility bills look wrong, they should talk to staff. If they have a question, ask. It's not useful to throw out terms like money laundering and scandal. He asked them to take an active role, to build things up rather than tear them down.

Councilmember Painter

Councilmember Painter thanked everyone for coming out. He checked his bill and encouraged others to go get the data. Council and staff plan on being more transparent; they need to hear what the residents want. He encouraged residents to become involved in the budget process, which is going on right now.

Councilmember Steinkopf

Councilmember Steinkopf thanked those who stayed to the end of the meeting and wished them a good evening.

Councilmember Burnham

Councilmember Burnham thanked everyone for staying and appreciated the comments made. She expressed one frustration: she only received three emails about this issue. She did read a lot of very negative comments online, including personal ones. Councilmembers have families and children who see these things. She asked residents to say what they need to without attacking people.

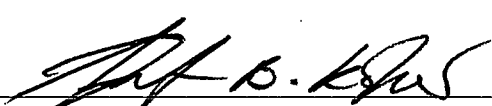
Mayor Jackson

Mayor Jackson has only received ten communications in any format; eight were positive. She would be happy to respond to any communication, and invited residents to take advantage of that. There has been a record number of phone calls to the utility office and she appreciates all of that communication.

4. Adjournment

The meeting was adjourned at 11:48 p.m.

APPROVED BY THE CITY COUNCIL ON MARCH 5, 2013.



Fionnuala B. Kofoed, CMC
City Recorder