



**Regular City Council Meeting**  
**Tuesday, April 2, 2019**  
**City Hall Council Chambers**  
**5249 South 400 East, Washington Terrace City**  
**801-393-8681**  
[www.washingtonterracecity.com](http://www.washingtonterracecity.com)

1. **“MEET AND GREET” WITH HILL AIR BASE COLONEL JON A. EBERLAN 5:30 P.M.**
2. **ROLL CALL 6:00 P.M.**
3. **PLEDGE OF ALLEGIANCE**
4. **WELCOME**
5. **CONSENT ITEMS**
  - 5.1 **APPROVAL OF AGENDA**

Any point of order or issue regarding items on the Agenda or the order of the agenda need to be addressed here prior to the approval of the agenda.
  - 5.2 **APPROVAL OF MARCH 19, 2019, MEETING MINUTES**
6. **CITIZEN COMMENTS**

This is an opportunity to address the Council regarding your concerns or ideas that are not on the agenda as part of a public hearing. Please limit your comments to no more than 3 minutes.
7. **COUNCIL/STAFF RESPONSE AND CONSIDERATION TO CITIZEN COMMENTS**

Council and staff will consider and address concerns and take appropriate measures to follow up on any comments made in the citizen comments item on the agenda.
8. **NEW BUSINESS**
  - 8.1 **PRESENTATION: HILL AFB COLONEL JON A. EBERLAN**

A presentation from the Hill Air Base Commander.
  - 8.2 **DICUSSION/MOTION: APPROVAL OF CONTRACT FOR CITY AUDIT SERVICES**

Contract approval for independent auditor services.

For more information on these agenda items, please visit our website at [www.washingtonterracecity.com](http://www.washingtonterracecity.com)

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In compliance with the Americans with Disabilities Act, persons who have need of special accommodation should contact the City Recorder at 801-395-8283.

CERTIFICATE OF POSTING

The undersigned, duly appointed City Recorder, does hereby certify that the above notice and agenda was posted in three public places within the City of Washington Terrace City limits and sent to the *Standard Examiner* at least 24 hours prior to the meeting. Amy Rodriguez, City Recorder.

**8.3 PRESENTATION/DISCUSSION: MAJOR BUDGET ITEMS FOR FISCAL YEAR 2020 AND FISCAL YEARS 2021-2025 BUDGET PLAN**

Staff to provide a summary of major budget issues for fiscal year 2020 and Fiscal Years 2021-2025 budget plan.

**8.4 DISCUSSION/ACTION: CITY RECYCLING COST INCREASE AND POSSIBLE RESOLUTIONS**

Discussion on unanticipated price increase for recycling tipping fees.

**9. MOTION: ADJOURN INTO RDA MEETING**

**10. COUNCIL COMMUNICATION WITH STAFF**

This is a discussion item only. No final action will be taken.

**11. ADMINISTRATION REPORTS**

This is an opportunity for staff to address the Council pertaining to administrative items.

**12. UPCOMING EVENTS**

**April 16<sup>th</sup>: Work Session 5:00 p.m.**

**April 16<sup>th</sup>: City Council Meeting 6:00 p.m.**

**April 24-26<sup>th</sup> ULCT**

**April 25<sup>th</sup>: Planning Commission Meeting (tentative) 6:00 p.m.**

**13. MOTION: ADJOURN INTO CLOSED SESSION**

- To discuss the character, professional competence, or physical or mental health of an individual.
- Strategy session to discuss pending or reasonably imminent litigation
- Discussion regarding deployment of security personnel, devices, or systems
- Strategy sessions to discuss the purchase, exchange, or lease of real property when public discussion of the transaction would disclose the appraisal or estimate value of the property under consideration or prevent the public body from completing the transaction on the best possible terms.

**14. ADJOURN THE MEETING: MAYOR ALLEN**

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8 **City of Washington Terrace**

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Minutes of a Regular City Council meeting  
Held on March 19, 2019  
City Hall, 5249 South 400 East, Washington Terrace City,  
County of Weber, State of Utah

9 **MAYOR, COUNCIL, AND STAFF MEMBERS PRESENT AT WORK SESSION**

- 10 Mayor Mark C. Allen
- 11 Council Member Scott Monsen
- 12 Council Member Blair Brown - Excused
- 13 Council Member Larry Weir
- 14 Council Member Scott Barker
- 15 Council Member Jeff West
- 16 Finance Director Shari' Garrett
- 17 Public Works Director Steve Harris
- 18 City Recorder Amy Rodriguez
- 19 City Manager Tom Hanson

20 **Others Present**

21 Jennifer Hanson, Josh Nielson

22  
23 **1 WORK SESSION 5:00 P.M.**

24 **Topics to include, but are not limited to:**

- 25 - Property taxation process training

26 Garrett introduced Jennifer Hanson and Josh Nielson from the State Tax Commission to discuss property  
27 tax, stating that there are major budget issues concerning property taxes on the upcoming budget.

28  
29 J. Hanson stated that there is 14 percent property tax for Washington Terrace City, which is low. The  
30 average for other cities is 18 percent. She explained that 14 percent of the City revenue is property tax.  
31 She stated that it is a stable source of revenue. J. Hanson stated that it is stable, but can be a problem  
32 because the amount does not keep up with inflation. She stated that the tax rate is a vehicle to get us the  
33 revenue that we had last year. Garrett clarified that South Ogden and Ogden have chosen to maintain, or  
34 hold, their rate over the last few years. Hanson stated that the tax rate does not really matter, it is the  
35 revenue that counts. J. Hanson suggested a companion ad to explain what the revenue will be used for.  
36 She stated that this is a good way to educate the public as to why there is a tax rate. Property taxes are  
37 based on property value. J.Hanson stated that this notice can also be broken out on the tax notice. This is  
38 a new process. J. Hanson stated that it was legal to put a companion ad in the paper next to the T&T ad.

39  
40 J. Hanson stated that our rate will decrease when the GO bond goes away. She stated that if we want to  
41 maintain the revenue, we would have to increase rates. Garrett stated that we would like to capture the  
42 same amount once the GO bond goes away. J. Hanson stated that T&T meetings go better when there are  
43 small increases over periodic times, rather than a large amount all at once. J. Hanson recommended  
44 raising taxes more frequently and do a companion ad to explain the increase.

45  
46 J. Hanson stated that the auditors are required to look at properties every year and adjust the values  
47 accordingly. She stated that every five years they do an extensive specific property review and adjust.

48  
49 J. Hanson stated that property values are known to decrease. She stated that there is an issue with holding  
50 the rate because if the valuation rates decrease, the city would have to increase taxes to capture the  
51 revenue from the year before. Hanson asked what would be the best way to describe capturing the  
52 revenue to residents. J. Hanson stated that it is an education issue, and just be forward with what we  
53 need and what we want to do with the revenue. She suggested explaining inflation issues.  
54  
55 Nielson stated that going through the T&T process cost the city money so it may not be the best thing to  
56 do every year. Mayor Allen stated that his property tax has only increased \$30 in the last 18 years.  
57  
58 Nielson stated that he has been trying to train people to come to Council meetings to see and understand  
59 where the taxes are going and to see that the people spending the taxes are being fiscally responsible.  
60 J. Hanson stated that the ones who do not do well are the ones who wait too long in between tax increases  
61 and then they increase too much.  
62  
63 J. Hanson stated that the stated legislature froze the tax rate for 5 years, and to be prepared that the state  
64 taxes will now be raised for the next five years to capture the funding for education.  
65  
66 Council Member Barker asked if the Fire issues should be broken out on the valuation notice. Garrett  
67 stated that she needs to work through how to break it out on the notice if we feel that it is necessary.  
68 Hanson stated that there is an advantage to keep the flexibility on the accounts.  
69  
70 Mayor Allen stated that when the GO bond runs out, there will be a large increase in taxes to capture the  
71 revenues that the GO bond had brought into the City. The goal is to keep the amount of revenue the  
72 same so that it is a “wash” for the residents.  
73  
74 Nielson reminded Council that the RDA funds will be coming to an end within the next few years.  
75 Garrett stated that there will be significant increases within the next 3 years. She stated that the next three  
76 years are critical to obtain the goal.  
77  
78 J. Hanson cautioned that it must be communicated that the citizens voted for a GO bond for a period of  
79 time and now it is over. She stated that the city would need to educate that public that it is not a tax  
80 increase because of a negative change. Neilson stated that you cannot say we are not raising taxes even  
81 if revenue remains the same, and that the revenue is what calculated the rate.  
82  
83 Hanson stated that the companion ad will have to explain what the rates are and why we need the  
84 funding.  
85  
86 Nielson stated that there have been several entities that misconstrued what was happening in the paper  
87 and the stated received many calls.  
88  
89 Hanson stated that his goal is to educate that residents on income, expense, this is where we are going  
90 and we want the residents to know.  
91  
92 J. Hanson stated that residents are looking for accountability and education is the best way.  
93  
94  
95

96 **MAYOR, COUNCIL, AND STAFF MEMBERS PRESENT**

97 Council Member Scott Monsen  
98 Council Member Blair Brown - excused  
99 Council Member Larry Weir  
100 Council Member Scott Barker  
101 Council Member Jeff West  
102 Building Inspector Jeff Monroe  
103 Public Works Director Steve Harris  
104 City Recorder Amy Rodriguez  
105 City Manager Tom Hanson  
106 Lt. Jeff Pledger

107  
108 **Others Present**

109 Charles and Reba Allen, Amy Miller, Ulis Gardiner, Gary Klema  
110

111 **2. ROLL CALL**

**6:00 P.M.**

112  
113 **3. PLEDGE OF ALLEGIANCE**

114  
115 **4. WELCOME**

116  
117 **5. CONSENT ITEMS**

118  
119 **5.1 APPROVAL OF AGENDA**

120 Mayor Allen stated that the order of item 8.1 will be changed to accommodate the speaker.

121 **5.2 APPROVAL OF MARCH 5, 2019, MEETING MINUTES**

122 Items 5.1 and 5.2 approved by general consent.  
123

124 **6. CITIZEN COMMENTS**

125 Resident Gary Klema- 429 W 4629 S- stated that he does not see any more places in the city where we  
126 can grow. He asked if it gets to the point where there is constant tax increases, and water increases, if the  
127 Council would consider letting Riverdale, South Ogden, or the County take over the City. He stated that  
128 we do not have any more property to grow. He stated that one time grants build things that have to be  
129 maintained. He stated that he is more concerned with the money his is paying out rather than care about  
130 being dissolved out.

131  
132 **7. COUNCIL/STAFF RESPONSE AND CONSIDERATION TO CITIZEN**  
133 **COMMENTS**

134 Mayor Allen stated that the City tries to consolidate wherever we can, stating that the city consolidated  
135 with the County for law enforcement, which proved to be a tremendous saving for the City. He stated  
136 that it doesn't always work out that way, case in point, the Fire consolidation proposition. Mayor Allen  
137 stated that there was a vote to consolidate with the other two cities years ago, and the citizens voted it  
138 down. Hanson stated that one thing that we use grants for is maintenance of things that need maintaining  
139 and have to be done. He stated that the grants are a way of paying for projects that had to have happened  
140 regardless. He stated that the grants are used to maintain infrastructure without raising taxes for it.  
141 Council Member Barker stated that Council took the time to look into combing fire services with  
142 Riverdale and South Ogden and it turned out that it is more expensive to do so. He stated that combining  
143 does not always mean it is cheaper. Council Member Monsen stated that Riverdale and South Ogden

144 raise taxes as well. He stated that the Council is always looking for other options rather than raising  
145 taxes. Hanson stated that when you look to consolidate with other agencies, you must consider their  
146 appetite for spending. He stated that the city is accustomed to living within our means, it is hard to  
147 partner with someone who is looser with their spending.  
148

149 **8. NEW BUSINESS**

150  
151 **8.1 PRESENTATION: COMMUNITIES THAT CARE PROGRAM UPDATE**

152 Coordinator Leeann Povey noted that the program has brought in over a million dollars  
153 In grants to help the communities combat drug and alcohol abuse among local youth. She stated  
154 That they use various means to research and identify problems. She stated that the coalition addresses  
155 local problems that are going on. She stated that the coalition will be doing a  
156 Census with the local youths to identify issues that are occurring in the area. She stated that the coalition  
157 works on messaging to youth and parents of youths concerning alcohol and drug use.  
158 Council Member Monsen asked if the CTC works with the other groups. Povey stated that they have  
159 partnered with McKay Dee Hospital, among others to help educate on addictions. Council Member  
160 Monsen stated that when the CTC first approached the Council many years ago, he was skeptical, but he  
161 has since seen how it has been measured and is working. He stated that the statistics are encouraging.  
162

163  
164 **8.2 MOTION/ORDINANCE 19-01: NUISANCE ORDINANCE AMENDED**

165 Monroe stated that it was fund that some of the nuisances were not defined specifically enough to justify  
166 the violations. He stated that the ordinance was reviewed to be more specific on violations so that  
167 they can be properly prosecuted in a court of law. He stated that the vague descriptions were re-worked  
168 to be more specific and more enforceable. Monroe stated that the Planning Commission approved the  
169 Ordinance and it was reviewed and codified by the city attorney.  
170 Monroe stated that the ordinance also cross references other sections in the code and some language may  
171 be duplicated so that the code can be found in several locations.  
172 Mayor Allen stated that he appreciates the work that Monroe does, noting that the document is constantly  
173 changing. Mayor Allen stated that we just want the city to look nice and that we are not regulating more  
174 with the ordinance, we are just clarifying.  
175 Council Member Monsen stated that he has a problem with some of the language in violation 51, stating  
176 that he has a problem with the “watered and green” language, suggesting that it might say “as possible”.  
177 Monroe stated that the ordinance used to say that lawn must keep from being parched. Monroe stated  
178 that if there is a water shortage, we would not require the lawns to remain green. Monroe stated  
179 that he understands what Council Member Monsen is saying, however, he stated that part of the issues  
180 that he runs into is what does” keep lawns watered” means. He has been told by prosecutors to be  
181 very specific as to what watering means. Council Member Monsen stated that there will be times when  
182 it will not be feasible to water all the time. Council Member Weir stated that he agrees with Monroe,  
183 stating that he is glad we are putting some teeth into the ordinance.  
184 Council Member West pointed out a wording correction, which will be fixed before codification.  
185 Hanson stated that the changes are to be specific, feasible, and make people accountable. He stated  
186 that Monroe can support the ordinance because the violations are measurable.  
187 Mayor Allen stated that this ordinance allows Monroe to enforce the ordinances better. He stated  
188 that people have excuses many of the times, and this is a clear cut answer to those concerns.  
189  
190  
191

192 **Motion by Council Member West**  
193 **Seconded by Council Member Weir**  
194 **To approved Ordinance 19-01 to amend**  
195 **The Nuisance Ordinance with the noted changes**  
196 **Approved unanimously (4-0)**  
197 **Roll Call Vote**

198  
199 **8.3 MOTION: APPROVAL OF THE CONSTRUCTION CONTRACT FOR**  
200 **IMPROVEMENTS TO WATER TANK# 1 (2018 CDBG FUNDED PROJECT)**

201 Harris stating that staff is asking for approval to contract with Spindler Construction for upgrades  
202 to the water tank. Harris stated that Spindler completed the seismic upgrades to the tank last  
203 fall. Harris stated that the project includes the tank, the ladder, and a \$3700 contingency in case  
204 The ladder needs to be repaired. Harris stated that there are a few more projects needed to be  
205 done to the tank to complete the project, such as corrosion control and painting. Harris  
206 stated that the contractor has been approved by the State. Harris stated that this is a regulatory  
207 issue to put us in compliance so we may use the tank.

208  
209 **Motion by Council Member Monsen**  
210 **Seconded by Council Member West**  
211 **To award the construction contract for**  
212 **Improvements to Water Tank #1**  
213 **To Spindler Construction Corporation**  
214 **For \$47,479.30**  
215 **Approved unanimously (4-0)**  
216

217 **8.4 MOTION/RESOLUTION 19-03: TO APPROVE AN INTERLOCAL**  
218 **AGREEMENT WITH WEBER COUNTY ELECTIONS OFFICE FOR 2019**  
219 **MUNICIPAL ELECTION**

220 Rodriguez stated that the City would like to contract with Weber County again for election services. The  
221 county will provide the ballot process and tabulations as well as the poll workers. The city will still be  
222 in charge of the election process, filing noticing, campaign financing, among other duties. The election  
223 will be vote by mail, with 6 vote centers in the county, and our drop box out in the parking lot. The  
224 estimated cost is listed in the packet. It is highly likely that there will be a county question on the ballot,  
225 so she is expecting our costs to be cut in half.

226  
227 **Motion by Council Member Barker**  
228 **Seconded by Council Member Monsen**  
229 **To approve resolution 19-03 to approve**  
230 **The interlocal agreement with Weber County Elections for the 2019 election**  
231 **Approved unanimously (4-0)**  
232 **Roll Call Vote**  
233

234 **8.5 DISCUSSION/ACTION: CITY RECYCLING COST INCREASE AND POSSIBLE**  
235 **RESOLUTIONS**

236 Hanson stated that the City received a letter yesterday from Recycled Earth that the tipping fee  
237 was going to increase from \$ 36.80 to \$53.94 per ton. Hanson stated that Council has been very  
238 clear that we will not pay more than the tipping fee for refuse at the transfer station.

239 Hanson stated that we respect that many people like to recycle, however, if we continue

240 to increase the level of service to recycle, a fee schedule would have to be put in place. Hanson  
241 stated that we do not have the resources or budget item to pay the extra tipping fee. Hanson stated  
242 that the rate increase was not negotiated and we did not receive prior notice.

243 Hanson stated that he spoke to Reese DeMille at Republic Services as to what our options are

- 244 1. Discontinue recycling
- 245 2. Charge a fee to those who want to recycle
- 246 3. Contract services with another company for those who would like to recycle.
- 247 4. Take recycled materials in the short term to the transfer station and dispose of them  
248 With our regular waste.

249  
250 Hanson stated that there may be a way to incorporate recycling in the future, however, right now  
251 we do not have a funding source.

252 Hanson stated that the contract expired in November and has not been renewed. Council Member  
253 Monsen stated that we do not have a budget for this service. He stated that he feels that the cost  
254 of the product is outpacing the value.

255 Council Member Barker stated that people are going to want to give back the blue cans as soon  
256 as possible.

257 Hanson stated that given the current price, he would be in favor of allowing residents to contract with  
258 recyclable haulers on their own.

259 Hanson stated that sending the recyclables to the landfill at this time is buying time until the issue  
260 can be resolved. Hanson stated that we do not have a contractual obligation to take the recyclables  
261 to Recycled Earth.

262 Council Member West stated that it is a 47 percent increase and it needs to be explained to  
263 The residents through education. Council Member Monsen clarified that the recycling is not  
264 an extra charge to residents because the tonnage will be the same.

265 Mayor Allen stated that there is a \$17 increase per tonnage and it would have to be absorbed by some  
266 other fund this year, and then increase the budget next year. Mayor Allen reiterated that the Council has  
267 stated that we do not want to pay more for recycling than we do for garbage.

268 Council Member Weir stated that he recycles. He stated that some scout troops have recycling projects.  
269 He stated that there are many alternatives out there. He stated that he would like a breakdown of the  
270 materials.

271

272 **Motion by Council Member West**

273 **Seconded by Council Member Weir**

274 **To temporarily dispose of material at**

275 **The transfer station until a long term solution is found**

276 **Approved unanimously (4-0)**

277

## 278 **9. COUNCIL COMMUNICATION WITH STAFF**

279

280 Council Member Weir stated that the Grand Marshals for Terrace Days are happy to do it.

281 Mayor Allen stated that he noticed that the dead trees at Rohmer have been taken down.

282 Mayor Allen asked for an update on the emergency sewer usage problems.

283

## 284 **10. ADMINISTRATION REPORTS**

285

286 Hanson stated that lights that have full power have been replaced. It was determined that we only have  
287 one leg of power, which accounts for the blinking and non-working lights. Staff has not been able to

288 identify where the break in the line for feeding the power is coming from. Hanson stated that we are  
289 missing junction boxes for the lights.  
290  
291 Hanson stated that staff is working on sewer credit options if it can be clearly proven on where the water  
292 went to. He stated that it may be challenging to justify the credit if staff has not seen the cause and effect.  
293  
294 Hanson stated that the security system at Rohmer Park are being worked on.  
295  
296 Hanson stated that it is not too late to sign up for the EMI emergency training at the hospital.  
297  
298 Hanson stated that the bid for the construction at the parking lot at Rohmer Park will be going out soon.  
299  
300 Hanson spoke about a property owner who states that we are overcharging them for ERU's. An error was  
301 found and we credited them the difference for 3 months back into their account. Commercial properties  
302 are now being audited.  
303

304 **11. UPCOMING EVENTS**

305 **March 28<sup>th</sup>: Planning Commission Meeting 6:00 p.m.**

306 **April 2<sup>nd</sup>: Work Session 5:00 p.m.**

307 **April 2<sup>nd</sup>: City Council Meeting 6:00 p.m.**

308 **April 16<sup>th</sup>: Work Session 5:00 p.m.**

309 **April 16<sup>th</sup>: City Council Meeting 6:00 p.m.**

310 **April 24-26<sup>th</sup> ULCT**

311 **April 25<sup>th</sup>: Planning Commission Meeting (tentative) 6:00 p.m.**

312  
313 **12. ADJOURN THE MEETING: MAYOR ALLEN**

314 Mayor Allen adjourned the meeting at 8:08 p.m.  
315  
316

317 \_\_\_\_\_  
318 **Date Approved**

\_\_\_\_\_ **City Recorder**

**Washington Terrace City  
City Council  
Staff Report**

**FINANCE DEPARTMENT**

**Author: Shari' Garrett**

**Subject: Approve Contract for Professional Auditing and Consulting Services**

**Date: April 2, 2019**

**Type of Item: MOTION**

**Summary Recommendations: That the City Council, by motion, approves staff entering into a contract with Keddington & Christensen, LLC for professional auditing and consulting services for a term of up to 5 years.**

**Description:**

**A. Topic: Audit and Consulting Services Contract**

**B. Background:**

The financial audit contract between the City and independent auditors Keddington & Christensen (K&C) concluded at fiscal year ended June 30, 2018. K&C has served as the City's independent auditor for fiscal years 2014-2018.

These services underwent a formal RFP process in 2014. At that time, K&C bid these services at \$8,500 annually for five years. Other competitor pricing for standard services ranged from a 2014 minimum of \$9,250 to a maximum 2018 price of \$14,470.

The normal terms and scope of these services are outlined in the attached engagement letter (2018 attached). An authorized engagement letter is required annually prior to audit services being performed. Request for services outside of the normal terms and conditions will be negotiated at that time.

**C. Analysis:**

Staff has been pleased with the performance of K&C. They have demonstrated a high level of competency and use an open and fair approach when conducting the audit. They have also demonstrated excellent customer service, a willingness to work through questions or concerns, and their rate appears to be fair and equitable based on the market and their excellent work.

**K&C Cost Proposal (attached)**

The subsequent years' fees are also based on the number of funds, the current Finance Director, current key accounting personnel, the current auditing standards, the time requirements detailed in this proposal, and accounting records available to be audited by the first part of October of each year.

<b>Year</b>		<b>Not-to-exceed Audit fee</b>
2019	\$	9,000
2020		9,000
2021		9,000
2022		9,500
2023		9,500
Total	\$	46,000

**Recommendation:** That the City Council, by motion, approves staff entering into a contract for Professional Auditing and Consulting Services with Keddington & Christensen for a term of up to 5 years beginning fiscal year ended June 30, 2019 through June 30, 2023.

**D. Department Review:** City Manager, Finance

**DOLLAR COST BID  
PROPOSAL**

**FOR**

**CITY OF WASHINGTON TERRACE**

**FOR**

**PROFESSIONAL AUDIT SERVICES**

**FOR THE FISCAL YEARS ENDED**

**JUNE 30, 2019**

**Through**

**JUNE 30, 2023**

**Total All-Inclusive Maximum Price**

Our fees for the audit services will be \$9,000 for 2019. The fee for subsequent years will be as shown below. Included in our "not-to-exceed" audit fee amount is all travel, per diem, related meetings, telephone calls, printing costs, and all other out-of-pocket expenses. This amount is based on anticipated cooperation from your personnel for timely assistance in preparation of schedules, confirmation of accounts, preparing various reconciliations, and locating supporting documents which we will require during the audit.

This fee amount is also based on the number of funds, the current Finance Director, current key accounting personnel, the current auditing standards, and accounting records available to be audited by first part of October of each year. If significant additional time is necessary, due to the above conditions not being followed, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

The above audit fee does not include any fees for services related to accounting, researching accounting issues, transaction analysis, time related to researching, discussions and recording of any prior period adjustments, and consulting services. If significant additional time is necessary, due to the above conditions not being followed, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

**Subsequent Years**

The subsequent years' fees are also based on the number of funds, the current Finance Director, current key accounting personnel, the current auditing standards, the time requirements detailed in this proposal, and accounting records available to be audited by the first part of October of each year.

<u>Year</u>	<u>Not-to-exceed Audit fee</u>
2019	\$ 9,000
2020	9,000
2021	9,000
2022	9,500
2023	9,500
Total	<u>\$ 46,000</u>

**Report Preparation**

The proposed audit fee is based on Keddington & Christensen preparing the basic financial statement and related footnotes in the GASB 34 required format. The City will be responsible for preparing the information in the MD&A and statistical section of the CAFR. In the event the City would desire assistance in preparation of the financial statements or CAFR, our fees will be based a negotiated hourly rate.

In the event the City would like us to perform services related to accounting, researching accounting issues, transaction analysis, discussions and recording of any prior period adjustments, consulting services, or reviewing the CAFR for items not required for us to issue our opinion on the financial statements, again, our fees will be based on a negotiated hourly rate.

**Single Audit**

The above “not-to-exceed” fee does not include any single audit related procedures. In the event the City should need a single audit, our fee for services related to the single audit will need to be negotiated.

If the City qualifies as a “low risk” auditee, as defined by what is commonly known as the Uniform Guidance, single audits typically cost about \$1,200 for the audit of the first major grant and \$400 for each subsequent grant.

**Other Professional Services**

Keddington & Christensen can also assist you with any special projects as needed. Our fees can be negotiated on a project-by-project basis.

**Free Short Telephone Call Questions**

We realize how important it is to be able to contact your audit firm with accounting and auditing questions. We also realize that, at times, you may hesitate to call because many firms charge for every minute of the call. We feel that such phone calls should not be discouraged; therefore, we have made it our policy not to charge for short reasonable phone calls. We would much rather provide information to avoid problems in the beginning than correct them later in the audit.

**Use of Audit Opinion When Issuing Bonds etc.**

Keddington & Christensen does not charge additional fees when the City needs to include the audited financial statements in documents required related to issuing bonds, tax anticipation notes, bond anticipation notes, or any other financing mechanisms.



**Keddington & Christensen, LLC**  
Certified Public Accountants

---

Gary K. Keddington, CPA  
Phyl R. Warnock, CPA  
Marcus K. Arbuckle, CPA

May 30, 2018

Washington Terrace City  
5249 South 400 East  
Washington Terrace City, Utah 84405

We are pleased to confirm our understanding of the services we are to provide Washington Terrace City (the City) for the year ended June 30, 2018. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise Washington Terrace City's basic financial statements as of and for the year ended June 30, 2018. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Washington Terrace City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Washington Terrace City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis.

We have also been engaged to report on supplementary information other than RSI that accompanies Washington Terrace City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

1. Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
  - a. General Fund
  - b. Capital Projects Fund
  - c. Debt Service Fund
  - d. Redevelopment Agency

**Audit objectives**

The objective of our audit is the expression of an opinion as to whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing

standards generally accepted in the United States of America and the standards for financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of accounting records of Washington Terrace City and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Washington Terrace City's financial statements. Our report will be addressed to the Mayor and Members of the City Council. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance will each include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Washington Terrace City is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Our audit will include procedures that are required by the *State of Utah Compliance Audit Guide* concerning compliance with State fiscal laws identified by the State Auditor. We use the audit programs of the *State of Utah Compliance Audit Guide* to perform our audit procedures. We will issue an opinion on applicable State fiscal laws and compliance requirements, and identify any weaknesses in internal control or instances of non-compliance that we discover relating to State fiscal laws or other financial issues related to the expenditure of funds received from State sources.

#### **Audit Procedures-General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will

inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures-Internal Controls**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

#### **Audit Procedures – Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Washington Terrace City's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

#### **Other Services**

We will also assist in preparing the financial statements and related notes of Washington Terrace City in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

#### **Management Responsibilities**

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and

properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy any fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we may report.

You are responsible for the preparation of the supplementary information, on which we have been engaged to report, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for the establishment and maintenance of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonattest services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonattest services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

**Engagement Administration, Fees, and Other**

We understand that the Washington Terrace City's employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any invoices selected by us for testing.

Gary Keddington will be the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

We will provide copies of our reports to Washington Terrace City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for the engagement is the property of Keddington & Christensen, LLC. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to certain governmental agencies or their designees, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Keddington & Christensen personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other government agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the date the auditors' report is issued or for any additional period requested by the oversight agency for the audit. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Our fee for these services for the year ended June 30, 2018 will be \$8,500. The above fee is based on anticipated cooperation from the City's personnel and the assumption that unexpected circumstances will not be encountered during the audit and the City's records will be ready to be audited by August 27, 2018. The above fee is also based on the current finance director and other key accounting personnel being available to assist in the audit process. If the finance director, chief accountant, and/or other key accounting people are not available to assist with the audit process, and we anticipate that this circumstance will result in significant additional time, we will stop our audit procedures and will discuss it with the City and arrive at a new fee estimate before we incur the additional costs. Additional services for which we may be asked to perform will be billed at our standard rates.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if the City's account becomes overdue and may not be resumed until the City's account is paid in full. If we elect to terminate our services for nonpayment, the City will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

We understand that the City is responsible for preparing the Management Discussion and Analysis (MD&A) section of the audit report, as required by GASB No. 34. If the City would like us to help in the gathering of information for the MD&A section, our fees would be billed at our standard rates.

This engagement does not include responding to inquiries by any governmental or regulatory agency or authority related to the financial statements or other documents that are associated with this engagement.

If the City requires assistance with any inquiries related to the aforementioned reports or documents, we would be pleased to assist the City under the terms of a separate engagement.

If during the course of our engagement we encounter circumstances which we believe may create a conflict of interest or conflict with the ethical standards of our profession, we will inform the City of our concerns. If these concerns cannot be adequately addressed to our satisfaction, or we are compelled to do so by the professional standards of our profession, we may withdraw from the engagement with a written notice.

We appreciate the opportunity to be of service to Washington Terrace City and believe this letter accurately summarizes the significant terms of our engagement. Please date and sign the enclosed copy of this letter and return it to us to acknowledge your agreement with the terms of this engagement. If you have any questions, please let us know.

Very truly yours,

*Keddington & Christensen*

Keddington & Christensen

RESPONSE:

This letter correctly sets forth the understanding of Washington Terrace City.

By: 

Title: City Manager

Date: 5-31-18

# EXECUTIVE SUMMARY – REQUIREMENTS

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## MAJOR BUDGET ISSUES & PRIORITIES

The major budget issues and priorities outlines the basic premises associated with the budget and its major issues driving the budget development.

As staff continues to evaluate and balance the current and future program requirements to the levels of services offered, the analysis continues to highlight the following challenges facing each of these services:

- The ability to *fund current and future service levels for general operations and capital equipment and infrastructure*
- The ability to *fund federal and state mandates*
- The ability to *maintain strong creditworthiness*
- The ability to *build/maintain reserves for unforeseen events and emergencies*
- The ability to *keep taxes and rates as low as possible with a limited customer base*

## **CAPITAL FINANCING**

It is anticipated that pay-as-you-go, short-term, and long-term financing options will be necessary to fund capital infrastructure and equipment. **Financing strategies are evaluated to identify challenges and opportunities including sustainability, timing, and balance to deliver a stable level of essential services.**

City staff has been diligent in seeking grant revenue to lessen the financial burden of providing essential City services. Although the availability and eligibility of grant assistance has become extremely limited and competitive, grant funding assistance will continue to be actively sought out.

Additionally, the City has taken advantage, strategic planning, low interest financing, and optimal construction environments to assist with keeping costs as low as possible, the capital demands continue to exceed available resources thus making progress slower and more expensive.

# **EXECUTIVE SUMMARY – REQUIREMENTS**

## **1. FIRE AND EMERGENCY MEDICAL SERVICES (EMS)**

### **Legislative Policy Statement/Goal:**

- **Public Safety and Health**

Prepare for and respond to emergencies to protect the life and property of stakeholders.

- **Fiscal Responsibility**

Diligently manage public funds and resources.



The Washington Terrace City Fire Department serves as a fully functioning fire and EMS service provider. From its inception in 1952, the City has operated as a volunteer

Department relying on a dedicated staff willing to fill shift requirements. Since its inception, calls for service have increased from 3 calls per week, to over 19 calls per week or 1,000 calls per year requiring the Department to operate more like a full-time Department.

An increasing demand for calls for service and high market demand for fire/ems personnel have continue to highlight the operational challenges with the existing staffing and compensation approach. The greatest challenge and top priority is addressing recruitment and retention.

After considering several service options, the City decided to continue with a volunteer Fire/EMS staffing model. To remedy the staffing shortfall, the FY2020 tentative budget proposes to increase the shift stipend to a more competitive rate and increase staffing levels from 2 firefighters to 3 firefighters per shift. These changes in compensation and increased staffing levels are expected to improve recruitment and retention of Fire/EMS personnel.

Currently, the Fire/EMS Department budget is \$266K for operations and personnel. An increase of approximately \$256K for personnel costs would be required to fund this proposed service model for FY2020. This proposal would be subject to ongoing annual increases driven by the City's compensation plan. These annual increases are estimated at \$16K annually.

To fund this proposed service model, the City would need to raise additional revenue through property taxes. This will require the City to first undergo the Truth-in-Taxation process that would begin in June 2019 and conclude in August 2019.

# **EXECUTIVE SUMMARY – REQUIREMENTS**

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## **2. OTIS II / Capital Improvement**

### **Legislative Policy Statement/Goal:**

- **Infrastructure, Improvements, and Public Facilities**  
Review, develop, and maintain the operation and service delivery of utilities, transportation, physical facilities, and parks, trails, and open space.
- **Fiscal Responsibility**  
Diligently manage public funds and resources.

Public infrastructure systems are the backbone and core components of what makes the City function. The structural integrity and up keep of these systems are the mainstay of creating and maintaining a sustainable community. This emphasis on system integrity is a key component to the City's success and has been a nexus for several successful projects.

One such project was the multiyear OTIS I (Original Terrace Infrastructure System) project that began in 2001 and significantly improved the reliability of utility services and roadway infrastructure in certain areas of the City. The improved reliability and system integrity has made the City a safer place to live, has reduced maintenance costs in the OTIS project area, and will continue to serve the City into the future.

Looking ahead, it is clear that more OTIS work will be required in order to update significant areas of the City to current construction standards. The reliability and structural integrity of some portions of our system are deteriorating in a way that will require a broad-based project in order to improve system reliability.

Long-term financing, grants, and existing resources will be options that will be explored to finance these necessary improvements.

The tentative budget plan proposes that the City capture future reductions in the annual GO Bond repayment with an equivalent property tax increase to contribute to the funding of these capital improvements and other general City operations (also see Major Budget Issue 3).

# **EXECUTIVE SUMMARY – REQUIREMENTS**

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## **3. PROPERTY TAX RATE CHANGES**

### **Legislative Policy Statement/Goal**

- **Fiscal Responsibility**

Diligently manage public funds and resources

Annually provide a balanced budget based on needs and available resources

In response to Major Budget Issue 1 and 2, the City will need to raise additional revenue through property taxes. This will require the City to first undergo the Truth-in-Taxation process that will begin in June 2019 and conclude in August 2019.

The proposed staffing model identified in Major Budget Issue 1 for the Fire/EMS Department will require an increase of approximately \$256K for personnel costs beginning in FY2020. This proposal would be subject to ongoing annual increases driven by the City's compensation plan. These annual increases are estimated at \$16K annually. The impact to the average residential tax payer is estimated not to exceed \$93 annually.

Looking ahead to FY2021 and FY2022 and as identified in Major Budget Issue 2, the tentative budget plan proposes that the City capture the reduced General Obligation Bond tax levy for the in FY2021 and the bonds full maturity in FY2022 with an equivalent property tax increase. In, other words, the General Obligation Bond tax levy reduction and subsequent elimination would be replaced with an equivalent tax increase resulting in a fiscal wash to the tax payer. In the end, the tax obligation from the tax payer would be equal to the tax while the bonds were in place. This tax increase will contribute to the funding of capital improvements (including OTIS II) and the general operations of City.

# **EXECUTIVE SUMMARY – REQUIREMENTS**

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## **4. PERSONNEL**

### **Legislative Policy Statement/Goal:**

- **Fiscal Responsibility**

Diligently manage public funds and resources.

Offer a competitive compensation plan in order to retain and attract a competitive workforce.

Personnel requirements have been driven from the City's compensation plan. Compensation is based on market driven salaries/wages of other benchmark communities.

The City's ability to recruit and retain competent well-trained employees is a critical component in maintaining required service necessary to operate effectively as a city. At times, certain sectors of the economy may put pressure on local governments to evaluate pay structure in an effort to maintain sufficient staff members with the required licensing necessary to provide basic city services. As a result, The FY2019 adopted budget, changed the pay rate structure for Public Works employees in effort to address market pressure to recruit and retain this classification of employees.

Personnel costs for the 2020 tentative budget are proposed to reach \$2,384,000 or an increase of 19% or \$379,000. Of Said increase \$305,000 is attributed to salaries, wages and \$74,000 benefits and other personnel costs.

The greatest increase in 2020 is proposed in the Fire/EMS Department (see Major Budget Issues 1) increasing wages by \$226K and benefits by \$30K. Additional increases are also proposed for Justice Court services increasing the number of department FTEs from 1.63 to 1.78. (see Justice Court Operating Budget). Said increase is expected to cost \$6K beginning in FY2020. These proposed increases to levels of service will be subject to ongoing future increases driven by the City's compensation plan. The annual increases are estimated at \$16K annually.

## **EXECUTIVE SUMMARY – REQUIREMENTS**

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Major benefit cost drivers are health/dental coverage and retirement benefits.

Health coverage offered by PEHP has a July 1, 2019, estimated renewal rate *increase* of 5% for traditional medical plans and 5% for HAS plans; dental renewal rates are expected to remain flat. The employees' share of health/dental premiums is 10% and the City's share is 90%.

Retirement benefits are administered through Utah Retirement Systems. Preliminary rates released expect that the Public Employees' Noncontributory Tier 1 System employer contribution rate will remain *unchanged* at 18.47%. The Tier 2 system will also remain *unchanged* at 16.69%. The Firefighters' Division A retirement system (including employer pickup election) will experience a rate *increase* of 4.58% or a total employer contribution rate of 24.24%.

### **Plan Projections**

Future projections for Personnel requirements include 3 percent annual increases through 2024. Staffing levels beginning in FY2020 are proposed to increase for Fire/EMS (see Major Budget Issue 1) and Justice Court services. Of said increases, salaries and wages are projected to increase by 3 percent annually and total benefit requirements are estimated to increase by 3 percent annually through 2024.

# EXECUTIVE SUMMARY – REQUIREMENTS

## 5. UTILITY RATES

### Legislative Policy Statement/Goal:

- **Infrastructure, Improvements, and Public Facilities**  
Review, develop, and maintain the operation and service delivery of utilities, transportation, physical facilities, and parks, trails, and open space.
- **Public Safety and Health**  
Prepare for and respond to emergencies to protect the life and property of stakeholders.
- **Open and Responsive Government**  
Be responsive to customer needs, stakeholder relationships, and dissemination of information.
- **Fiscal Responsibility**  
Diligently manage public funds and resources.

The City is committed to setting fees and rates at levels which fully cover the costs of operating each utility service. The fee and rate structures are reviewed at least annually to ensure that they remain appropriate and equitable based on factors such as, but not limited to: inflation and other cost increases, desired levels of service, the adequacy of cost coverage, policy considerations, and benchmarking with cities within the area.

As a result, beginning July 1, 2019, utility rates for sewer and refuse services are *proposed* to increase monthly by \$1.95 bringing the base minimum bill for a single family residential user to \$62.70.

Service	Single Family Residential					
	Base (\$/4,000 gal.)			Overage (\$/1,000 gal.)		
	Current	New	Change	Current	New	Change
Water	18.70	19.36	0.66	5.10	5.10	-
Sewer	19.30	19.69	0.39	5.03	5.03	-
Refuse	14.75	15.25	0.50			-
Storm	8.00	8.40	0.40			-
<b>Minimum Bil</b>	<b>\$ 60.75</b>	<b>\$ 62.70</b>	<b>\$ 1.95</b>	<b>\$ 10.13</b>	<b>\$ 10.13</b>	<b>\$ -</b>
Late Fees	15.00	15.00	-			

**Proposed rate structure effective July 1, 2019.**

## EXECUTIVE SUMMARY – REQUIREMENTS

The proposed increases are necessary to continue to fund the ongoing operations & maintenance cost for utility services.

For a complete fee schedule for all users refer to the Supplemental Section, Fee Schedule.

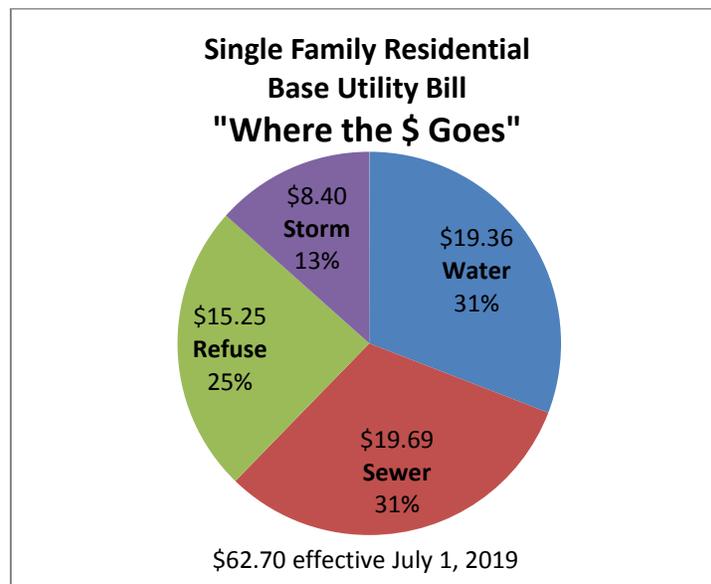


Figure 5 (above) – illustrates a *proposed* minimum residential utility bill by service type.

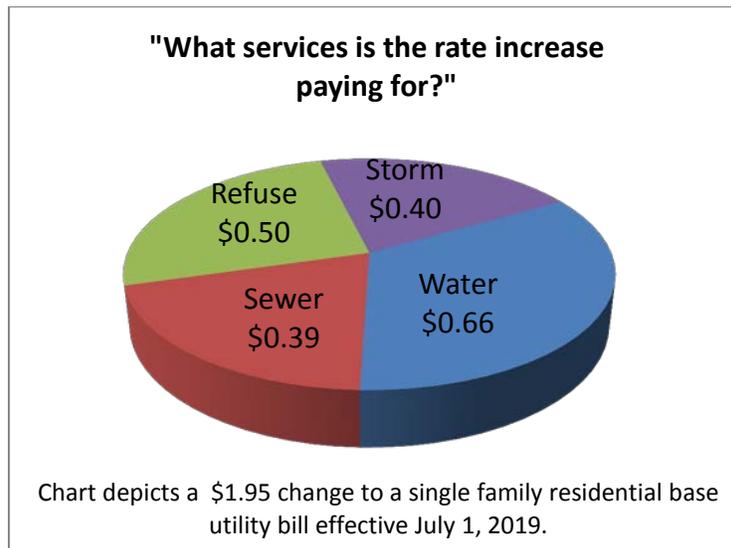


Figure 6 (above) – illustrates a *proposed* "What services is the rate increase paying for?" effective July 1, 2019.

# **EXECUTIVE SUMMARY – REQUIREMENTS**

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## **CULINARY WATER SERVICES**

### **Operations & Maintenance (O&M)**

The 2020-2024 budget plan anticipates O&M costs to increase by \$73,000 or 12% in 2020 then by 6% annually through 2024.

Said increases in 2020 are attributed to: 1) wholesale water purchased from Weber Basin Water and 2) personnel and overhead costs.

Weber Basin Water (WBW) is expected to increase wholesale water rates by 12% or \$27,000 beginning in 2020. Increases thereafter are estimated to be at least 11% annually. According to WBW, treated water rates include a \$3.45 per acre-foot surcharge due to significant and unforeseen increases in chemical costs. Additionally, state water management and conservation efforts are also expected to impact future water rate increases.

## **SANITARY SEWER SERVICES**

### **Operations & Maintenance (O&M)**

The 2020-2024 budget plan anticipates O&M costs to increase by 4% or \$38,000 in 2020 then by 2% annually through 2024.

Said increases in 2020 are attributed to: 1) Central Weber Sewer sanitary sewer treatment and 2) personnel and overhead costs.

Central Weber Sewer sanitary sewer treatment costs are expected to increase by 2% or \$7,000 beginning in 2020. Increases, thereafter, are anticipated at 2% annually through 2024.

## **REFUSE AND RECYCLING SERVICES**

### **Operations & Maintenance (O&M)**

The 2020-2024 budget plan anticipates O&M costs to increase by 4% or \$24,000 in 2020 then by 4% annually through 2024.



## **EXECUTIVE SUMMARY – REQUIREMENTS**

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Said increases in 2020 are attributed to: 1) contract waste collection services 2) waste disposal and 3) personnel and overhead costs.

**Waste Collection** - On July 1, 2018, the City entered into a new waste collection contract with Republic Services for a term of 5 years. These services anticipate increases up to 3% annually. For 2020, said increase is estimated at \$9,500.

**Waste Disposal** - One area of the solid waste service that we are continuing to monitor are mainstream waste “tipping fees” at the transfer station. Tipping fees are expected to rise over the next several years in response to rising transportation costs, increased capital improvement and operational costs at the Weber County Transfer Station. For FY2020, general waste disposal fees are estimated to increase from the current rate of \$39.49 to \$41.00 per ton or an increase of 4 percent.

**Recycling** will continue to be an area that requires ongoing observation as the off-shore markets continue to ebb and flow in regards to the value of recyclable materials. We have seen and will continue to see volatility in the recycling market as China regulates the content of recyclable materials.



The City recently received notice that the effective immediately the cost to process recyclable material has increased by 47% moving from \$36.80 to \$53.94 per ton. The City is currently evaluating the future of the recycling program. The FY2020 budget anticipates the cost to dispose of recyclable material not to exceed \$41.00 per ton or the same cost of disposing of mainstream waste.

The tentative budget anticipates that the combined disposal costs for mainstream waste and recyclable material could increase by \$13,000 or 9% in FY2020.

## **EXECUTIVE SUMMARY – REQUIREMENTS**

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### **6. REDEVELOPMENT PROJECT AREAS**

With the impending expiration of the RDA's there is an intensified effort to maximize the return on investment of RDA funds to ensure that all participating entities benefit from the creation of the RDA's. Each project area holds unique challenges that require creative solutions in order to implement the long-term strategy for positive economic development and growth. The vigilant implementation of the available RDA resources will positively impact the City and partnering entities for years to come and must be strategically invested in order to provide the greatest benefit for all participants. Staff is diligently working to secure high quality real-estate developments that will improve the tax base within the project areas.

The development of three- and four-story office buildings will be the nexus for success within the RDA's and to that end is our goal and objective. The Board and staff are committed to making the most of RDA financial resources and will leverage those resources to maximize the any applicable RDA projects.

As projects come to fruition, performance-based incentives may be made available in order to move projects along in a time frame that will benefit the RDA and ultimately partnering entities that have invested in the creation of the CBD and the South East Project areas.

## **EXECUTIVE SUMMARY – REQUIREMENTS**

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### **Levels of Service**

It is the desire of the City to provide a highest level of public services to our customers that include offering these services at the highest professional level including staff, equipment/technology, and facilities that match the revenue realities of our customer base.

The FY 2020 tentative budget and FY 2021 – 2024 budget plan anticipates increasing levels of service for Fire/EMS services and Justice Court services (see Major Budget Issues 1 and 3).



City of Washington Terrace  
Redevelopment Agency Meeting  
Tuesday, April 2, 2019  
following the Regular City Council Meeting  
City Hall Council Chambers  
5249 South 400 East, Washington Terrace City

1. **ROLL CALL**

2. **INTRODUCTION OF GUESTS**

3. **CONSENT ITEMS**

*Any point of order or issue regarding items on the Agenda or the order of the agenda need to be addressed here prior to the approval of the agenda.*

3.1 **APPROVAL OF AGENDA**

3.2 **APPROVAL OF MEETING MINUTES FROM NOVEMBER 6, 2018**

4. **NEW BUSINESS**

**4.1 PRESENTATION/DISCUSSION: MAJOR BUDGET ITEMS FOR FISCAL YEAR 2020 AND FISCAL YEARS 21-25 BUDGET PLAN**

5. **COMMENTS CONSIDERED**

6. **ADJOURNMENT OF MEETING: CHAIR ALLEN**

CERTIFICATE OF POSTING

I, Amy Rodriguez, The undersigned duly appointed City Recorder of the City of Washington Terrace do hereby certify that the above agenda was posted in three public places within the City limits and sent to the *Standard Examiner* at least 24 hours prior to the meeting.

For Packet Information, please visit our website at [www.washingtonterracecity.org](http://www.washingtonterracecity.org)

1 City of Washington Terrace

2  
3 Minutes of a Redevelopment Meeting

4 Held on November 6, 2018

5 Immediately following the Regular City Council Meeting

6 City Hall, 5249 South 400 East, Washington Terrace City,

7 County of Weber, State of

8  
9 **CHAIR, BOARD, AND STAFF MEMBERS PRESENT**

10 Chair Allen

11 Board Member Monsen - excused

12 Board Member Brown - excused

13 Board Member Weir

14 Vice- Chair Barker

15 Board Member West

16 Public Works Director Steve Harris

17 Finance Director Shari' Garrett

18 City Manager Tom Hanson

19 City Recorder Amy Rodriguez

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21 **Others Present**

22 Charles and Reba Allen, Amy Miller, Steve Jacobson

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24 **1. ROLL CALL**

25  
26 **2. INTRODUCTION OF GUESTS**

27  
28 **3. CONSENT ITEMS**

29  
30 **3.1 APPROVAL OF AGENDA**

31 **3.2 APPROVAL OF MEETING MINUTES FROM OCTOBER 16, 2018**

32 Items 3.1 and 3.2 were approved by general consent.

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34 **4. NEW BUSINESS**

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36 **4.1 PRESENTATION: 2018 REDEVELOPEMENT AGENCY ANNUAL REPORT**

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38 Hanson stated that there are two Redevelopment areas: a Central Business District (located by  
39 the Terrace Plaza area), and a Southeast Business District (area north of City Hall through the  
40 hospital area and Adams Avenue).

41 Hanson stated that the Central Business District is coming to an end in 2021. He stated that there  
42 must be a good review of the area between now and then to see what the zone needs.

43 Hanson stated that the offer with Golden West Credit Union is part of the Southeast Business  
44 District. Hanson stated that the Northern Realtors Association is within the Southeast Business  
45 District as well. Hanson stated that the RDA funds helped with the roadwork on 5350 South to  
46 help bring in the medical building.

47 Hanson stated that he has been in talks with the hospital concerning incentives that may help  
48 them move along the medical building.

49 Hanson stated that he will double his efforts with the RDA before they expire.

50 Hanson stated that we do not have a solid projection on what will be done this year, noting that  
51 there are lots of opportunities that are close. He stated that he will work on best practices for  
52 incentives to promote the development that we need to put taxable properties in the environment.

53 Hanson stated that he realizes that property is narrow.

54 Hanson stated that he wants to look at capturing capacity to make incentives a little bit stronger.

55 Hanson stated that the goal of the RDA is to capture infrastructure components and tax base, not  
56 sales tax.

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58 Chair Allen encouraged the Board to take the time to read through the RDA report. Hanson  
59 echoed the comment.

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61 **5. COMMENTS CONSIDERED**

62 No comments were considered.

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64 **6. ADJOURNMENT OF MEETING: CHAIR ALLEN**

65 Chair Allen adjourned the meeting at 7:24 p.m.

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**Date Approved**

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**City Recorder**

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