

Minutes of the regular meeting of the Daggett County Commission/Redevelopment Agency Board held on **Tuesday, September 20, 2016**. Commissioners Clyde Slaugh, Jack Lytle and Karen Perry were present. Keri Pallesen, County Auditor/Recorder, Chad Woolley, County Attorney and Brian Raymond, County Clerk/Treasurer were also present. The meeting was called to order at 9:00 a.m. by Commission Chair Clyde Slaugh.

Also present: Chris Clark of Uintah Engineering, Greg Marsing of Smuin, Rich and Marsing

**Old Business:** Commissioner Lytle said he was still working on the water meter reading issues. Commissioner Lytle went to the Forest Service and Bureau of Land Management (BLM) coordination meeting and found out that Kathy Pullin is retiring at the end of the year and Jeff Schramm will be the new Forest Supervisor. The BLM is doing some work on the Rock House at Jarvie Ranch and the Jarvie Fest is scheduled for October 8<sup>th</sup>. Gary Torres the new BLM District Manager will be there and looking for input from elected officials on revitalizing the Jarvie presence.

**Citizen comments:** None given

**The Minutes of the Regular Commission meeting held on September 13, 2016 were presented for review and approval.** Commissioner Lytle said there were a few changes: In the correspondence talking Jack Lytle said that Bret had contacted him about sharing the plans and the sharing costs is a side comment and should be removed. The fees have been paid and maps can be shared. Mr. Lytle also had a comment on the RDA/Subordination agreement discussion about the 6<sup>th</sup> line-whether or not they are willing to accept “construction” not “contraction”. Commission Perry said second line should be bringing instead of brining. She also said that on the last page-2<sup>nd</sup> line the word “work” needs to be taken out. Commissioner Lytle motioned to accept the minutes as amended. Commissioner Perry seconded the motion and all were in favor. The motion carried and the minutes were approved as amended.

**The Open Invoice Register was reviewed.** The invoice register was presented by the Auditor’s Office for review and approval. Commissioner Perry made a motion to approve the open invoice register in the amount of \$16,899.35 and Commissioner Lytle seconded the motion. All were in favor and the motion carried.

**Correspondence:** Commission Lytle said he had received a text from Mark Wilson at Red Canyon Lodge and his business had been negatively impacted by the smoke from the prescribed fire and it appears there isn’t anything that the Forest Service can do. They have to take advantage of their window to fulfill the prescription. Red Canyon had guests leave on Saturday because it was a big smoke day and Mr. Wilson had to issue refunds.

**Commission Calendar Review:** Commissioner Lytle said tomorrow starts the UACCC conference in Vernal at 1 pm and it continues on Thursday and Friday morning. Wednesday is all Public Lands. Mr. Lytle said he was planning on attending as much as possible. They will also be talking about Centrally Assessed properties and Mr. Lytle asked Chad Woolley, the County Attorney if we had gone forward with this in a new way with UAC this year. Keri Pallesen said she thought we had, but the Attorney did not remember. Board of Equalization (BOE) is on the 26<sup>th</sup> and 27<sup>th</sup> and on the 6<sup>th</sup> and 7<sup>th</sup> of October is the next SCIC meeting. Commissioner Lytle also met with Regional UDOT folks and talked about Carter Creek and the wall over there and South Blvd turning lanes in Dutch John and slowing people down here in Manila, which they said was very difficult.

**Budget Review:** Commissioner Perry said this could be discussed under Agenda item #9.

### **Policy and Legislation Items from the Posted Agenda:**

Commissioner Slaugh said that he wanted to move #6 to the beginning so Mr. Marsing could head home.

**10:00 AM – Presentation of 2015 Audit by Smuin, Rich and Marsing:** Greg Marsing was here to present the Audit report and handed out copies to the Commissioners. Mr. Marsing said the Audit is up to 76 pages and the info on Page 1 and 2 is the Independent Auditor's report. Page 1 has the Financial Statements reported on, Management's Responsibilities and the Auditor's Responsibilities. Page 2 has the Opinion: "In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County as of December 31, 2015." This is called an unqualified opinion that "the financial statements referred to above present fairly in all material respects those financial statements." Mr. Marsing said you have different financial statements; you have government wide financial statements that are done on an accrual basis of accounting and we separate your governmental activities which are done on a modified accrual basis vs. proprietary or Enterprise Funds which are done on an accrual basis. You have your business-type activities which are operated more like a business where you charge fees for services to recoup at least some of your costs. Then we move to the governmental fund accounting which is done on a modified accrual basis (very similar to cash) and we have to give an opinion on all of them. Commissioner Lytle asked if the Required Supplementary Information are opinions as well. Mr. Marsing said no, they are required information by the Governmental Accounting Standards (GASB) 34, which requires a management discussion and analysis, which is found on Pages 3-11 which is a narrative/summary of some of the information we have. On page 6 you have a comparison of all the net assets, balance sheets and deferred inflow and outflow of resources. Page 7 is your revenues and expenses as a comparison to see changes from year to year. Mr. Lytle noted we had a decrease last year and Mr. Marsing said that much of that is depreciation expense. Depreciation was 367,000 greater than the assets acquired. There was also some land that was sold and the basis of the land sold was greater than the amount received and that was the reason for showing the loss. The individual funds for the most part had positive revenues over expenses.

Mr. Marsing said there were several statements that had to be adopted in 2015, GASB 68, 71 and 72 dealing with Pension Accounting. On the Government wide financial statements we restated your financial position and we lowered it by \$800,000. On pages 12 and 13 it shows your Statement of Position/Balance Sheet, which shows your primary government and business-type activities. It also shows cash, cash equivalents, investments, receivables with low income housing, and your restricted cash and capital assets that only show up on this government wide form since it is done on the accrual basis. Deferred outflow of resources due to pensions is on the bottom. Actuaries have to look at the liabilities for past and current things that are due. Mr. Marsing said that one nice thing is that if you make the monthly contributions then you shouldn't have any unfunded liabilities. Mr. Marsing said if you have questions, ask them and then pointed out that on Page 13 it shows the Net Pension Liability which is \$797,284 on governmental activities and \$16,603 on business-type activities. This is a new item, but there is also a net pension asset of about \$1500. Also listed are accounts payable, bond interest payable, capital leases, bonds outstanding and compensated absences for vacation/sick leave that has been accumulated by employees but not paid. The net position is

broken into three areas: net investment capital assets, which takes the book value of assets less debt-these are hard assets that have to be sold to gain any benefit and then there are restricted funds and the unrestricted fund is the important amount on Page 13. Again we are showing you a different approach on an accrual basis.

Page 14 is Statement of Activity or a new fangled income statement. On the far left of the page you've got your expenses and then three columns are revenues. The fifth column is your Governmental activities are covered by governmental revenues. General Revenue is just over \$2 million and total expenditures are \$2.9 showing the deficit. This page also shows Enterprise activities in Dutch John and Low Income Housing Funds.

Pages 15 and 17 are your fund accounts with individual major funds and non-major funds combined. More info on the non-major funds can be found on page 64. Every fund in the county is shown. Page 15 shows General Fund, Jail fund, Rural Hospital Tax, and the rest are non-major Page 17 has revenues, expenditures and the changes in fund balance. General Fund has a fund balance of \$877,939 and so you are pretty stable at that certain point in time when the statement was done. There are some restrictions on the fund balance that you can accumulate-the maximum is one year's taxes. You had some refunding last year on your Jail bonds and a footnote talks about that. The refunding was a benefit to the County. The Rural Hospital Tax has a net income and the only negative is the Flaming Gorge Roads and Transportation District has accumulated money and has started to expend it on projects. There is detail on all the non-major funds on pages 65, 66 and 67.

Commissioner Lytle asked about \$222,894 in parentheses on the Non-major column of Page 17. Mr. Marsing referred to the different funds which are on pages 65 and 66 and started with Page 65 where the third column from the right (RDA) has \$267,897 transferred out on repayment of a loan from a past year. Page 67 went into Capital Projects Funds where there were some transfers into these accounts. On the third line from the bottom is the net income and Homeland Security had the only negative income. Page 66 showed a deficit from the Trails fund and the Town also had a negative revenue and everything was positive although some are not very healthy.

Mr. Marsing mentioned that the only other thing you may be interested in are the Dutch John Fund and Low Income Housing Fund information which starts on Page 19 and the liabilities are on Page 20. Then on Page 21 we have revenue and expenses on your Dutch John Enterprise with some interest income and a net of 22,841. The Low Income Housing Fund shows a loss since we write off the portion that we are waiving each year. This is a non-cash expenditure. On Page 22 the chart shows cash flow-cash in and cash out. The cash flow shows that there was an increase in cash. Low income housing showed a loss, but an increase in cash.

One other thing worth mentioning is the Budget is the authorization to spend money and on Page 55 it shows that you did fine on your General Fund, Jail fund and Dutch John. The Rural Hospital Fund did have a problem as the expenditure was greater than the approved budget, so a finding was noted. Commissioner Lytle asked if the Report on Compliance shows the findings. Mr. Marsing said there were two findings and one was the reconciliation of significant accounts and the detailed accounts receivable or accrued liabilities doesn't tie into the financial statements and we made some adjustments in it. On Page 75 it shows the expenditures in excess of budget. Pensions and refunding were big items for the past year and overall the County appears to have done an excellent job for the specific snapshot in time-December 31, 2015. We'll leave you the information and you can always call us to return and explain things. Prior audit findings were reviewed to see if

they were resolved or are they still an issue. The County went from three funds that overspent in 2014 to only one in 2015. There is a lot of information that still needs to be reviewed.

**Business License – Name Change for ARM Security to Smart Home Pros, Inc.**

Commissioner Perry motioned to allow them to change their name. Commissioner Lytle seconded the motion and all were in favor. The motion carried.

**Consideration OF Multi Year Service Contract with Physio-Control, Inc.:**

Commissioner Perry said this was a \$17,950.05 contract for three years for the ambulance. Travis Dupaix received a grant that will help pay for this and the rest will come out of the Hospital Tax. A lot of this was to help upgrade Dutch John's ambulance. Commission Perry made a motion to approve this three year contract at \$17, 950.05, which is a total for all three years. Commissioner Lytle asked if it is in the budget and Commissioner Perry amended her motion to accept the contract with the understanding that we will have to re-adjust the budget to cover the cost. Commissioner Lytle seconded the amended motion and all were in favor. The motion carried.

**Consideration of Bids for 10-Wheel Dump Truck For County Road Department:**

James Olsen asked if the Commissioners have to accept the Audit as presented. The School Board follows that procedure whenever the audit is presented. The Attorney says it couldn't hurt, but it wasn't on the Agenda as a Consideration item. Maybe we can put it back on the agenda for next week to review. Keri Pallesen said she had looked at it and it matches our financial statements and it looks good to her. 59:15

Commissioner Slauch said they were able to get two bids and the third bidder refused to bid. Page 5 shows the 92,000 and trade in the '99 International Dump Truck. Commissioner Lytle asked if the one in Dutch John is the County's and if it could be included. The difference between the two bids from Rock Springs is the engine- a Paccar MX-13 vs. a Cummins ISX-12. Commissioner Lytle asked where Williamsen Godwin is and the reply was it's in Salt Lake, but that they will only be providing the dump bed. Peterbilt of Wyoming is a little lower than Peterbilt of Utah even before you consider that Rock Springs will take the trade-in, but Salt Lake won't. Mr. Olsen said that even if the price had gone the other way he would have recommended going with Peterbilt of Wyoming due to the warranty and serviceability of them being so much closer and the whole county fleet will receive priority for service. Commissioner Perry made a motion to accept the bid for the 2017 Peterbilt Model 365 Paccar MX-13 from Peterbilt of Wyoming for \$92,316.00, with a trade in on the 1999 Dump Truck for \$18,500.00. Commissioner Lytle seconded with a condition of getting a written note be provided that a third bid was sought and never given. All were in favor and the motion carried. The bid also includes freight to get the bed on and there are no hidden costs. The bed was under state contract and is stainless steel. Commissioner Perry made a motion to accept the State Bid of \$21,389.00 for the dump bed. Commissioner Lytle seconded the motion. All were in favor and the motion carried.

Commissioner Lytle asked about the need for a Peterbilt truck. Mr. Olsen said that we have other Peterbilts. Other trucks could work, but Commissioner Perry said that once you find what works you stick with it. It will take about thirty days to build and James said he could take down the contract today. The bed is separate from the trucks for both bids and is on a state contract. Commissioner Slauch signed the contract and Commissioner Perry made copies.

**Consideration of Use Permit for September 22, for Manila High School Mud Volleyball Activity in the Park and Arena:** Jack Lytle asked who the responsible party was for the application and it was Bill Schell as the principal was not in that day. Keri Pallesen said we need a certificate of insurance from the School in order to allow this as it is a type three activity. James Olsen said we could probably spray water and not do the whole arena. Commissioner Lytle said it may take a second layer of work to get it back in shape for rodeo use. Mrs. Pallesen asked if it makes a hole, how hard is it level out again? Mr. Olsen said they could bring the grader in if needed and the Road Crew is willing to help if the Commission is okay with that and they are also willing to water for the roping fundraiser. Commissioner Perry made a motion to approve the application for the Rodeo Arena and Park Pavilion from Manila High School on the 22<sup>nd</sup> of September from 6-11 pm conditional on getting an insurance certificate. Commissioner Lytle seconded the motion and all were in favor. The motion carried.

**Consideration of Use Permit for September 29, 2016 Cow Country Junior Rodeo Roping Fundraiser:** Mrs. Pallesen said we had received an Insurance Certificate for the CCJR Roping event. Commissioner Perry made a motion to approve the CCJR Roping Fundraiser application for September 29<sup>th</sup> at 6 pm and Commissioner Lytle seconded the motion. All were in favor and the motion carried.

**Consideration of Dutch John Water Tank Project-Change Order #6 for Dutch John Water Tank Project:** Chris Clark of Uintah Engineering and said we had reached the end of construction on the Water Tank and have a bunch of documents needing signed. The first one is a Change Order for the Contract time extension that has no cost, but is just a contract time extension due to taking the train down and having the storage available for the town. It gives them from July 25<sup>th</sup> to final acceptance at August. They have completed everything except the reseeding of the site and the removal of the dumpster which was by the 300K gallon tank, which Mr. Clark will check on today. Commissioner Perry made a motion to accept Change order #6 and Commissioner Lytle Seconded the motion. All were in favor and the motion carried.

**Consideration of Dutch John Water Tank Project-Contractor's Payment Request #6:** Chris Clark said the next item is the contractor's application for semi-final payment this includes everything except the reseeding and he recommends that we approve this. Commissioner Lytle made the motion to approve with discussion. Mr. Lytle asked if the \$49,000 was the reseeding and Mr. Clark explained that amount is the retainage of 5% from previous payments. Commissioner Lytle made the motion to approve Payment #6 of \$61,972.39 and Commissioner Perry seconded the motion. All were in favor and the motion carried.

**Consideration of Dutch John Water Tank Project-Certificate of Final Acceptance of Dutch John Water Tank Project:** Chris Clark said the last time he was here the Commission approved the Certificate of Substantial Completion and there was a punch list with that. They have completed all that work except the reseeding and this establishes the dates for Substantial, Final and Warranty and in a year we will need to walk through a couple of weeks to a month before that date. Mr. Clark asked Commissioner Lytle to put that on his calendar. Commissioner Perry made a motion to accept the Certificate of Final Acceptance and Commissioner Lytle seconded the motion. All were in favor and the motion carried. Mr. Lytle clarified that Mr. Clark was good with the work performed and Mr. Clark said was good with the work or he wouldn't be presenting this.

**Consideration of Dutch John Water Tank Project-Release of Retainage Request in the Amount of \$44,937.41 for Dutch John Water Tank Project:** Chris Clark said the last form is the Release of

Retainage now that the Final Acceptance Certificate has been approved. We have received a lien waiver, so we can now release the retainage that we held. Commissioner Lytle asked if Drinking Water is up to speed on all of this and have they had any inspections. Mr. Clark said they came up at the end of July and everything was good and once we get the contract closed out we will work on getting an operating permit. The \$44,937.41 is the 5% retainage that we have withheld to this point. Commissioner Lytle made the motion to Release the Retainage of \$44,937.41 recognizing that there is still reseeding work to be completed as noted in the exclusion and Commissioner Perry seconded the motion. All were in favor and the motion carried.

**Consideration of Transferring Utility Billing to Dutch John:** Commissioner Slaugh said he put this on the agenda and wondered if we are ready to do this and Commissioner Lytle asked if we could delay discussion until we have a closed session. Commissioner Perry asked when their next meeting is and he thought next Monday. Mrs. Perry recommended that we carry it over to next week.

**Review of 2<sup>nd</sup> Quarter 2016 Draft Financial Statements:** The packet information was the Invoice Register and not the Financial Statements. Keri Pallesen said she is required to do this on a quarterly basis and normally this is done after the bank reconciliations are done, which they aren't this year and it is getting pretty late in the year, so she just wanted to get them to you. Commissioner Lytle said they are what they are and we just have to look at them and address any issues. Nothing much has changed since the end of the year as Greg Marsing presented in the Audit. Commissioner Lytle said he would like to have at least an informal discussion on the Audit with Mrs. Pallesen at some point in time. The revenues are going to continue to go down and so it is a concern, but we are doing better. The Sheriff's Office budget could be a problem since we've lost the Dam contract. There are still a lot of issues to talk about, but Commissioner Perry said she has seen an improvement in the management of the Sheriff's Office and Jail funds over the last year. Commissioner Lytle said he appreciates the team approach and hopes it continues into the next budgeting cycle.

**Discussion of Election Questionnaire and other Election Issues:** Commissioner Lytle asked if this is a bill to Dutch John and Brian Raymond said that it was actual costs incurred to hold the Dutch John election even though an actual wasn't held. They had supposedly agreed to these costs, but Mr. Raymond wasn't sure who had agreed to that. Commissioner Perry said we will probably be handling future elections, so we need to sit down with the Towns so this gives us some insight into the costs of an election. In the past, the Town of Manila had elections by mail and the State is heading to change things due to handicapped accessibility and questions about mail in ballots during the last primary. The Towns don't have the equipment and we as the County may have to help and with the budget being tight we can't give this service away. This bill is actual costs, but Commissioner Lytle asked about training costs to Salt Lake were they for Dutch John or general elections. Mr. Raymond said that Town elections are off year for the County and so the training at that point in time is training for those elections and that year. Keri Pallesen asked if the County is required to do this for them and Mr. Raymond didn't think so, but as we are the closest it just makes sense. The County and Town elections are staggered. Mr. Raymond said the Questionnaire has not been completed, but it may be too late. Sheila Williams will be going to Salt Lake to speak at Interim Session Committee meeting. We have voting machines and optical readers that can the mail in ballots. Commissioner Perry said that she was uncomfortable sending this bill when we don't have anything in writing, but it could be a starting point for future discussions with both Mayor Rogers and Mayor Northcott. It was thought that would be a good example to start discussion towards and MOU, but Mr. Raymond said this really isn't a good example, since these expenses are not representative since the elections did not happen as the registrants ran uncontested. There would

have been more expenses if the election had to be held. Commissioner Lytle said that it happened in 2015, so it's a done deal. This could be an educational process and we will only have to do the Machines and they will have their own people to do the trainings. Mr. Raymond pointed out that the discussions need to start soon as the trainings will start early in the year for next year's elections. Mrs. Perry said she would draft a letter to the Towns to get the discussion started. Commissioner Lytle asked how other Towns do this, but in the past many towns only did the mail in elections and with the proposed changes towns will now need to have at least one machine available. Commissioner Perry said she would draft an introductory letter to the Towns.

**Discussion of Hughes Construction Lease/Purchase OF Land For A Hanger on the Manila Airport Property:** Brian Raymond stated that he had not received any contact since the initial contact despite a follow-up email. It was suggested we handle under old business next week unless contact is made by Hughes before the agenda is completed.

### **Redevelopment Agency Topics From the Agenda**

Commissioner Perry said we need to go in and out.

**Consideration of Subordination Agreement for Steven Habovstak:** This item is on the RDA portion of the Agenda and the form is filled except for the amount which Mr. Raymond said was \$169,000 and the date was September 12, 2016. Factory Homes is providing the construction financing and then it will get refinanced with a new mortgage company. Commissioner Lytle asked Chad Woolley, County attorney what to do since we have not received the loan documents or a breakdown of the costs. Mr. Woolley recommended that we get the loan documentation. When you completely refinance then the new loan has to be subordinated, but if it's just sold to another mortgage company it normally doesn't require subordination. The settlement sheet is also helpful, so there are not any surprises. Commissioner Perry was interested in what was in the original document, but has nothing to do with this, but still a question. Mr. Lytle asked about rolling into mortgage, but we haven't done that in the past as this program waives a portion each year for 10 years. If he sells or changes the use then he would have to come up with the remaining portion. Commissioner Lytle said he would motion to approve if there was some documentation that supports the amount and the date on the subordination documentation. Commissioner Perry seconded the motion and all were in favor. The motion carried.

**Closed Session:** Commissioner Perry made a motion to go into closed session for the purpose of Real Estate and Monetary Negotiations. Seconded by Commissioner Lytle. All were in favor and the motion carried. Present for the Closed Session were Commissioners Slaugh, Lytle and Perry, County Attorney Chad Woolley and Clerk/Treasurer Brian Raymond.

At the conclusion of the Closed Session Commissioner Lytle made a motion to go out of Closed Session and into regular session and Commissioner Perry seconded the motion. All were in favor and motion carried.

**Consideration of Transferring Utility Billing to Dutch John:** Commission Perry made a recommendation to have some discussion for contracting with Dutch John to run and maintain the water and sewer plants and do the billing for those utilities. Commissioner Lytle said in an effort to get Dutch John to take over the Water and Sewer Plants we would like to start with the billing recognizing that there are many more steps. We just finalized the Water Tank construction project, so we can now start working with Drinking water, the attorneys and the Town to begin this process going. This will fall heavily on the Treasurer and Assessor's offices. If they don't keep the

maintenance and operations we will still need the money to come to the County. Are we contracting with them for the clerking and maintenance or just part of that process? What are the legalities of all this. Chad Woolley, County Attorney said it seemed to him that the real issue is money and asked at what point is the Commission comfortable in transferring the money to them. It doesn't make sense for them to do the billing until they get the money needed to run the system. Somebody needs to put together an outline of all the steps. There might not be one person that knows all the steps of doing this, so Commissioner Perry said she would start the outline and then we'll pass it around to each Department so they can add the tasks that nobody else is aware of. All these tasks can create a Gant chart. Mr. Woolley said he has a good Gant chart tool that uses excel. Commissioner Perry said she would call the Auditors to see what it would cost to get an analysis of the effects of the possible negotiation items for Dutch John.

With no further business the meeting was adjourned at 12:35 pm by Commissioner Slaugh.

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\s\ Brian Raymond

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\s\ Clyde Slaugh

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\s\ Karen Perry

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\s\ Jack Lytle