

**MINUTES OF MORGAN CITY
COUNCIL MEETING**

MARCH 12, 2024; 7:08 P.M.

**MAYOR AND COUNCIL MEMBERS
PRESENT:**

**Mayor Steve Gale, Tony London, Jeff Wardell, Eric
Turner, Jeffery Richins, and Dave Alexander**

STAFF PRESENT IN-PERSON:

**Ty Bailey, City Manager; Gary Crane, City Attorney;
and Denise Woods, City Recorder; Kale Watkins,
Water/Wastewater Senior Operator; and Lance
Prescott, Street Supervisor**

OTHERS PRESENT:

**Lisa Benson, Landmark Design; Chuck Palmer, CPA
– Christensen, Palmer, and Ambrose; Jason Mills**

This meeting was held in the Council Conference Room of the Morgan City Offices, 90 West Young Street, Morgan, Utah. The meeting was streamed live on YouTube and available for viewing on the City's website – morgancityut.org.

This meeting was called to order by Mayor Steve Gale.

The pledge of allegiance was led by Council Member Wardell.

The opening ceremony was presented by Council Member Richins.

APPROVAL OF MEETING AGENDA

MOTION: Council Member London moved to approve the agenda.

SECOND: Council Member Wardell

Vote was 5 ayes; Motion passed unanimously to approve the agenda.

MINUTES AND WARRANTS

MOTION: Council Member London moved to approve the following:
Minutes of the City Council Work Meeting – February 27, 2024;
Minutes of the City Council Meeting – February 27, 2024; and
Warrants (02/23/24 – 03/08/24).

SECOND: Council Member Richins

Vote was 5 ayes; The motion passed unanimously to approve the minutes as written and one set of warrants.

CITIZEN COMMENTS

No citizen comments.

VERBAL PRESENTATIONS

2023 AUDIT REPORT – CHUCK PALMER, CPA – CHRISTENSEN, PALMER & AMBROSE

Chuck Palmer, CPA, expressed appreciation to the City and Council for having them complete the City's audit again this year. He mentioned the following highlights of the audit report.

- Page one presents our audit opinion. It represented an unqualified opinion, the highest opinion possible for an audit, signifying a clean opinion on the subsequent financial statements.
- Following that, the next three to four pages contained the management discussion analysis. It served as a comprehensive summary, particularly comparing the financial statements of the current year with the previous year.
- This section delved into governmental and business activities, offering a broad perspective. It provided descriptions of assets and their corresponding increases.
- Skipping ahead to around page 10, one could find the fund statements, including those for the general fund, capital projects, and other funds. Page 10 detailed the balance sheet, while page 12 outlined the income statement. The balance sheet indicated a robust financial position, with good fund balances and minimal debt.
- The net change in fund balance on page 12 revealed positive income across all funds, with the general fund showing \$884,326 and capital funds showing \$3,740,455. Additionally, a bond obtained at the end of the year contributed to the fund balance.
- Pages 14 onwards focused on business activities, encompassing water, sewer, and electric funds. Page 14 featured the balance sheet and page 15 detailed the liabilities. Both sections indicated positive current assets well exceeding current liabilities, indicating a strong ability to cover upcoming obligations.
- Page 16 contained the income statement, showing profits for all funds except the electric fund.
- The cash flow statement on page 18 depicted the overall cash increase or decrease for the year, with the electric fund experiencing a \$600,000 loss and utilizing nearly \$425,000 of its cash.
- Despite a healthy cash balance, the electric fund's rate of expenditure indicated a potential depletion of its two-year cash balance.
- Footnotes provided detailed information on fixed assets (starting at page 35) and debt (starting at page 37), often addressing questions regarding asset changes and debt payments.
- Page 48 showcased the budget-to-actual statement, indicating that the budget was well-maintained without significant overspending.
- No issues with internal controls (page 56) or compliance with Utah state laws, demonstrating effective oversight and compliance across all areas.

Council Member Alexander referred to Page 5 under the Management Discussion Analysis. The report stated the major sources of general revenues were taxes and interest earnings and taxes comprised 53.52% of the City's general fund revenues. He asked if that was typical when compared to other entities.

Chuck responded that such a proportion is generally typical for entities similar to the City's profile. To clarify this, he directed attention to a peculiar income statement on Page 9 specific to governments. This statement delineated expenses alongside revenue sources, highlighting taxes as a significant revenue stream for funding services like public works and public safety. The discussion delved into how different departments utilize tax revenue, facilitating comparative analysis with other cities or across years. Additionally, there was mention of sales and use tax revenue, with inquiries about the contribution from dealerships versus other sources like Geneva.

Discussion ensued focusing on the depletion of cash reserves in the electric fund over the next two years, despite previous efforts, including a study conducted a year ago to align tax rates with billings. The current situation was assessed before the implementation of a new annual rate increase, which went into effect in

July. Year-to-date, there was a positive balance of \$325,000, attributed partially to the rate increase. However, certain projects were put on hold to meet the study's goal of maintaining a \$1.5 million fund balance over ten years. Although the rate increase offset rising power costs, it also hindered the fund's recovery to its target balance. Nevertheless, the adjustable-rate mechanism and adjustments to base fees were deemed sufficient to gradually improve the fund's financial health, especially with strategic power purchases. Ultimately, the current trajectory was considered promising, with no immediate need for corrections.

Council Member London asked regarding the difference in the cost of purchasing power over the last couple of years.

Ty stated in 2022, purchases amounted to \$1.328 million, whereas in the following year, they rose to \$1.9 million, marking an increase of \$600,000.

MORGAN CITY GENERAL PLAN UPDATE – LISA BENSON, LANDMARK DESIGN

Lisa Benson, Landmark Design, gave a presentation regarding the City's General Plan Update. She stated the General Plan served as a vision document for the community, facilitating alignment among residents, developers, and stakeholders regarding the City's future direction. A variety of public engagement initiatives, including committee work and surveys, informed the development process. From this outreach, a set of guiding principles was established, forming the foundation of the Plan. These principles addressed various aspects such as community character, safety, housing options, economic development, environmental conservation, service provision, and recreational amenities. Population projections for 2040 ranged from 5,100 to 8,400 residents, based on census and regional council estimates. The Plan delineated future land use areas, including downtown mixed-use, light industrial, master plan community, river-oriented commercial, and primary residential zones, each serving distinct purposes and accommodating different types of development. She highlighted various land use designations within the City, including medium-density residential areas in orange with a density set at three to five units per acre, and low-density residential zones in lighter yellow, with a density of two to three units per acre. The downtown area maintained general commercial uses, while highway commercial uses were situated along Highway 84 on the north side. A new conservation for public facilities use was introduced in the northeast portion of the City to safeguard water sources. Overlay areas were also identified for recreation parks, open space, public facilities, and cemeteries, which could be integrated into other land use categories. The Plan also featured placemaking concepts such as community gateways and districts to enhance the City's branding and pedestrian experience. Additionally, strategies outlined in the appendix aimed to support agricultural uses and preserve open space, reflecting the community's values and priorities as discussed in Planning Commission meetings.

Lisa stated the transportation maps were prepared by the transportation planner, Fehr and Peers, who conducted an in-depth analysis of future road networks and anticipated conditions. They also assessed the sidewalk network, identifying areas needing connections and projecting future conditions. Safety and connectivity projects and strategies were proposed for the City's advancement. Additionally, LRB Public Finance Advisers contributed findings on housing and economic development, analyzing mortgage and rent burdens within the City, based on 2019 data. Recommendations included expanding zoning for higher density and varied uses, addressing infrastructure limitations, and promoting accessory dwelling units to meet future housing needs. The City was already progressing on some of these recommendations, aligning with the overall vision for community development. She stated they also conducted a sales leakage analysis, examining resident spending within and outside the community. Favorable sales categories included car dealerships and motor parts, while highest leakage categories were electrical appliances, furniture, and general merchandise. Unique opportunities discussed involved positioning Morgan as a marketable destination to attract tourism dollars, potentially with fewer services. Economic development strategies

emphasized proper scaling and fostering job growth with related infrastructure. Environmental conditions were also considered, including hydrological and earthquake hazards, to inform future projects. Additionally, the Plan detailed existing public utilities and community services, concluding with a focus on enhancing Parks and Recreation to elevate residents' quality of life.

Lisa stated currently, Morgan City had a level of service of 3.14 park acres per thousand residents, with a goal of reaching 4.5 acres per thousand. This would position the City in the middle compared to other communities. However, with ongoing development and competing needs such as infrastructure projects, achieving this goal may pose challenges. By 2030, an additional 8.2 acres of parks would be required, and by 2040, an extra 2.2 acres. Distribution is also a key consideration, ensuring easy access to parks from residential areas. She referred to screen showing the purple circles which indicated proposed parks, may be acquired through development agreements or unconventional means. The blue circles represent school fields, while the orange and green trail networks offer potential connectivity options, with the former being more feasible in the short term and the latter requiring long-term efforts due to landowner considerations. Building such networks aligns with the City's vision for enhancing recreational amenities and community accessibility.

Discussion regarding the consideration of making the General Plan binding was raised, prompting discussions on its feasibility and implications. While some legislators advocated for this change, there was pushback from organizations like the League due to the dynamic nature of the document, which requires flexibility for adjustments. It was emphasized that a binding Plan could hinder necessary modifications and pre-planning efforts. Despite these discussions, the current planning process was commended for its inclusivity and effectiveness, evident from the absence of significant opposition in the meeting room, attributed to the extensive stakeholder engagement and the competence of the planning team. The idea of making the plan a mandate, dictating specific locations for development without considering timing or City needs, was highlighted as potentially disastrous. Emphasis was placed on the importance of allowing flexibility in timing for General Plans, as it may not always be suitable to develop certain areas immediately. This flexibility prevents hasty decisions, such as allowing unplanned development, and ensures alignment with the City's evolving needs. Despite initial legislative push in that direction, the concerns regarding timing and flexibility were acknowledged.

Gary discussed the frequency of updating or changing Plans, suggesting that updates typically coincide with updates to impact fees facilities plans, estimated to occur every six years. Changes may also be prompted by alterations in conditions, such as timing or significant developments. While major citywide Plan revisions might occur every six to ten years, interim changes can be made as needed, although it's important not to amend the Plan too frequently to allow for the vision to be tested and maintained.

Lisa emphasized the flexibility of future land use maps, designed to accommodate community needs and preferences over time.

Council Member Turner stated that during discussions regarding the General Plan, it was noted that its implementation hinges significantly on landowners and their respective visions. The Plan does not dictate specific land uses for parcels, emphasizing that landowners retain the autonomy to maintain their properties according to their preferences. For instance, if a landowner wishes to preserve a farm, they have the option to do so despite the Plan indicating otherwise. This flexibility extends to various land use scenarios beyond agriculture. The discussion highlighted the importance of recognizing and respecting landowners' rights and choices within the planning process.

PUBLIC HEARING

MORGAN CITY ANNEXATION POLICY DECLARATION, INCLUDING PROPOSED EXPANSION AREA MAP – ORDINANCE 24-01

MOTION: Council Member London moved to open the public hearing to hear public comment regarding the Morgan City Annexation Policy Declaration Plan including the proposed Expansion Area Map.

SECOND: Council Member Wardell

Discussion on the Motion: Ty emphasized that the Annexation Policy Declaration Plan did not entail arbitrary land acquisition but rather delineated serviceable areas. It serves as a framework for engaging in conversations about the City's growth boundaries and future direction. Importantly, the Annexation Plan does not guarantee annexation upon request, as there is a thorough process involved. Unlike some cities in competitive situations, Morgan City is not aggressively expanding its boundaries due to its unique position as the sole city in the county. The focus remains on thoughtful dialogue and consideration rather than rapid expansion.

Council Member Alexander stated the Planning Commission thoroughly reviewed the Plan, engaging in constructive discussions. After deliberation, they ultimately endorsed it with a positive recommendation.

Council Member London inquired whether the designated serviceable areas also encompassed the capability to accommodate necessary infrastructure. Specifically, it addressed concerns about water, sewer, and power capacity to support the identified areas outlined.

Ty explained the need to ensure adequate infrastructure for development, considering factors like water, sewer, power, and road accessibility. While designated areas were deemed "serviceable," it didn't imply existing infrastructure; rather, it depended on potential development willingness and feasibility. Specific challenges, like road connectivity and infrastructure depth, were considered, with examples such as East Canyon Creek and Island Road highlighted. The dialogue emphasized thorough consideration and planning, reflecting discussions over a lengthy period to address future growth and connectivity needs.

Vote was 5 ayes; Motion passed unanimously to open the public hearing to hear public comment regarding the Morgan City Annexation Policy Declaration Plan including the proposed Expansion Area Map.

Public Comments:

Jason Mills, 385 South State Street, Morgan, Utah, stated he was here to learn about the Plan and its implications. He was particularly interested in the existing City annexation boundary and sought clarification on whether he could petition the City for annexation. He inquired about the gray dotted lines on the map, which represented potential future annexation areas pending a vote.

Ty explained the purpose of the public hearing was to deliberate on the outer boundary (gray dotted lines). He stated this item was on the agenda for Council approval and if approved without alterations, it would signify the adoption of the new annexation expansion area.

MOTION: Council Member London moved to close the public hearing.

SECOND: Council Member Richins

Discussion on the Motion: None

Vote was 5 ayes; Motion passed unanimously to close the public hearing.

ACTIVE AGENDA

ADOPTION OF THE MORGAN CITY GENERAL PLAN UPDATE – ORDINANCE 24-05

Council Member London and Council Member Turner stated there had been a culmination of extensive discussions and meetings, reflecting the considerable time and effort invested in the General Plan Update process. This thorough endeavor was far from brief, underscoring the depth of consideration involved in its creation.

Council Member Alexander stated there had been a positive recommendation from the Planning Commission for approval of the General Plan Update.

MOTION: Council Member London moved to adopt Ordinance 24-05 – An ordinance adopting Morgan City General Plan Update; Providing For Repealer; Providing For Severability; And Providing For An Immediate Effective Date.

SECOND: Council Member Wardell

Discussion on the Motion: None

ROLL CALL VOTE: Dave Alexander – aye
Jeffery Richins – aye
Jeff Wardell – aye
Tony London – aye
Eric Turner – aye

Vote was 5 ayes; Motion passed unanimously to adopt Ordinance 24-05 – An ordinance adopting Morgan City General Plan Update; Providing For Repealer; Providing For Severability; And Providing For An Immediate Effective Date.

ADOPTION OF THE MORGAN CITY ANNEXATION POLICY DECLARATION PLAN, INCLUDING PROPOSED EXPANSION AREA MAP – ORDINANCE 24-01

Mayor stated tonight marked a significant occasion as we undertake several important initiatives.

Council Member Turner said it was essential to acknowledge the extensive behind-the-scenes efforts that have paved the way for this moment. These endeavors have been diligently pursued, reflecting the gravity with which we approach such decisions.

MOTION: Council Member Alexander moved to adopt Ordinance 24-01 – An ordinance adopting the Morgan City Annexation Policy Declaration, including the proposed Expansion Area Map. Providing for Repealer; Providing for Severability; and Providing for an immediate effective date.

SECOND: Council Member London

Discussion on the Motion: None

ROLL CALL VOTE: Dave Alexander – aye
Jeffery Richins – aye
Jeff Wardell – aye
Tony London – aye
Eric Turner – aye

Vote was 5 ayes; Motion passed unanimously to adopt Ordinance 24-01 – An ordinance adopting the Morgan City Annexation Policy Declaration, including the proposed Expansion Area Map. Providing for Repealer; Providing for Severability; and Providing for an immediate effective date.

2023 AUDIT REPORT – CHUCK PALMER, CPA, CHRISTENSEN, PALMER & AMBROSE

Presentation was given earlier this evening regarding this item.

MOTION: Council Member Alexander moved to accept the 2023 Audit Report prepared by Chuck Palmer, CPA – Christensen Palmer & Ambrose

SECOND: Council Member Richins

Discussion on the Motion: None

ROLL CALL VOTE: Dave Alexander – aye
Jeffery Richins – aye
Jeff Wardell – aye
Tony London – aye
Eric Turner – aye

Vote was 5 ayes; Motion passed unanimously to approve the 2023 Audit Report prepared by Chuck Palmer, CPA – Christensen Palmer & Ambrose

Kale Watkins, Water/Wastewater Senior Operator arrived at 8:05 p.m.

**APPROVAL OF THE MUNICIPAL WASTEWATER PLANNING PROGRAM (MWPP)
ANNUAL REPORT FOR THE YEAR ENDING 2023 – RESOLUTION 24-08**

Council Member Alexander referenced Page 7 of the report where it asked – Have you completed an impact fee study in accordance with UCA 11-36a-3 within the last five years and the answer was ‘no.’ He asked if the City was in violation.

Kale Watkins stated although the City had slightly exceeded the five-year limit, we are in compliance and in a favorable position. Our actions have been consistent with sustaining the system and ensuring a steady stream of revenue for upcoming projects.

Ty explained the City’s Capital Facilities Plan remained largely unchanged. Five years ago, we initiated the construction of the new headworks, which has since been refined. Our trajectory has been stable, and while there's potential for adjustments, typically triggered by indicators of major upcoming needs, our recent impact study surpassed the anticipated costs. Additionally, we secured improved financing for the project. He said overall, we're confident in our continued ability to meet upcoming needs.

The conversation revolved around the importance of adhering to building code regulations for projects, with no specific completion timeframe required. Compliance with code standards was emphasized, focusing on staying ahead of future needs and funding through impact fees to avoid unexpected challenges. Mention was made of the phased approach of the Capital Facilities Plan, currently focused on phase one out of three. Despite briefly dipping into negative impact funds, finances are gradually recovering. It was acknowledged that significant changes would prompt another study, typically due to substantial investments or unforeseen circumstances. Confidence was expressed in sewer capacity adequacy and adherence to the Capital Facilities Plan.

Council Member Turner explained many systems in the state of Utah were behind, prompting questions about whether necessary measures were being taken. Some cities had inadequate rates and funding for dilapidated systems. He stated the state posed these questions to ascertain if systems were being properly maintained and funded. He noted the improvement to the City's lagoon systems, acknowledging past issues and recent progress, attributing credit to efforts made. It was emphasized that while progress took time, the lagoon and wastewater systems were now in good shape.

Council Member Alexander asked for an explanation regarding the six violations noted in the report pertaining to discharges.

Discussion ensued regarding the current status and progress made in addressing these violations. Total Suspended Solids (TSS) issues occurred in spring due to algae sloughing off and dying. Additionally, three violations related to E coli were reported during efforts to meet metering requirements amidst low river levels. Some responsibility was attributed to teaching and procedural lapses. Steps were taken to address these issues, including instituting internal E coli sampling. Monthly reporting discrepancies regarding metals were acknowledged and corrected. TSS levels fluctuated, but improvements were noted, with levels reaching as low as eight parts per million. Challenges with fats and oils were discussed, mainly attributed to improper disposal by residents. Public education was highlighted as a solution. Questions regarding sewer lagoon capacity were addressed, confirming adequate capacity despite community misconceptions. Concerns about industrial waste were raised, emphasizing the need for pre-treatment for certain industries. Lastly, the role of biosolids in maintaining lagoon activity was explained, highlighting the importance of consistent inflow.

MOTION: Council Member London moved to adopt and approve Resolution 24-08 – A resolution adopting and approving the Municipal Wastewater Planning Program (MWPP) Annual Report for the Year Ending 2023.

SECOND: Council Member Richins

Discussion on the Motion: None

ROLL CALL VOTE: Dave Alexander – aye
Jeffery Richins – aye
Jeff Wardell – aye
Tony London – aye
Eric Turner – aye

Vote was 5 ayes; Motion passed unanimously to adopt and approve Resolution 24-08 – A resolution adopting and approving the Municipal Wastewater Planning Program (MWPP) Annual Report for the Year Ending 2023.

Kale Watkins left the meeting at 8:25 p.m.

APPROVAL OF LETTER FROM MAYOR GALE TO GOVERNOR SPENCER J. COX REQUESTING GOVERNOR COX VETO SENATE BILL 161, 6TH SUBSTITUTE – ENERGY SECURITY AMENDMENTS AND RATIFYING THE MAYOR’S SIGNATURE – RESOLUTION 24-09

This item was discussed at length during the work session prior to this meeting.

MOTION: Council Member Alexander moved to approve Resolution 24-09 – A resolution approving the Letter from Mayor Gale to Governor Spencer J. Cox Requesting Governor Cox Veto Senate Bill 161, 6th Substitute – Energy Security Amendments and Ratifying the Mayor’s Signature.

SECOND: Council Member Richins

Discussion on the Motion: None

ROLL CALL VOTE: Dave Alexander – aye
Jeffery Richins – aye
Jeff Wardell – aye
Tony London – aye
Eric Turner – aye

Vote was 5 ayes; Motion passed unanimously to approve Resolution 24-09 – A resolution approving the Letter from Mayor Gale to Governor Spencer J. Cox Requesting Governor Cox Veto Senate Bill 161, 6th Substitute – Energy Security Amendments and Ratifying the Mayor’s Signature.

APPROVAL OF AN APPLICATION FOR THE UTAH DIVISION OF OUTDOOR RECREATION – UTAH OUTDOOR RECREATION GRANT (UORG) – RESOLUTION 24-10

Ty explained the decision was made to proceed with the trail construction from Commercial Street to the fairgrounds, focusing on the upper section due to cost considerations. Initially, plans involved extending the trail underneath Young Street Bridge, but engineering complexities escalated the estimated cost to approximately \$400,000, prompting a reevaluation. Instead, the proposal suggests pursuing grant funding of up to \$200,000, with a 40% matching requirement, for river access enhancements. This proposal aligns with existing grants for the upper trail and aims to provide additional access for recreational activities such as fishing and kayaking. A formal resolution supporting the grant application was drafted and is set for submission by the upcoming deadline.

MOTION: Council Member London moved to adopt Resolution 24-10 – A resolution approving the application for the Utah Division of Outdoor Recreation – Utah Outdoor Recreation Grant (UORG).

SECOND: Council Member Wardell

Discussion on the Motion: None

ROLL CALL VOTE: Dave Alexander – aye
Jeffery Richins – aye
Jeff Wardell – aye
Tony London – aye
Eric Turner – aye

Vote was 5 ayes; Motion passed unanimously to adopt Resolution 24-10 – A resolution approving the application for the Utah Division of Outdoor Recreation – Utah Outdoor Recreation Grant (UORG).

CLOSED SESSION

MOTION: Council Member Turner moved to go into a closed session at 8:30 p.m. for the purpose of discussing the character, professional competence or physical or mental health of an individual.

SECOND: Council Member Richins

Vote: 5 ayes; Motion passed to go into closed session.

PRESENT: Mayor Gale, Ty Bailey, City Manager, Gary Crane, City Attorney, Denise Woods, City Recorder, Council Members Turner, Alexander, London, Richins, and Wardell

MOTION: Council Member Turner moved to open the meeting at 9:19 p.m.

SECOND: Council Member London

Vote: 5 ayes; Motion passed to come out of closed session.

This meeting was adjourned at 9:20 p.m.


Denise Woods, City Recorder


Steve Gale, Mayor

These minutes were approved at the April 23, 2024 meeting.

SWORN STATEMENT

The undersigned hereby swears and affirms, pursuant to Section 52-4-205(1) of the Utah Code Annotated, that the sole purpose for the closed meeting of the Morgan City Council on the **12th day of March, 2024**, was to discuss the purchase, exchange, or lease of real property.

Dated this 12th day of March, 2024.

ATTEST:



STEVE GALE, Mayor



DENISE WOODS, City Recorder