

**Minutes of the Interlaken Town Council**  
**Monday, 01 February 2016, 6:30 PM**  
**Interlaken Pump House**

**1. Call to Order:**

Mayor Headley called the meeting to order at 6:34pm.

**2. Roll Call - Members Present:**

Larry Headley, Mayor

Greg Harrigan, Council Member

Sue O’Nan, Council Member

Lisa Simpkins, Council Member

Council Member Herb Bowen had submitted his resignation and was absent

Bart Smith, Town Clerk was also present

**3. Presentations:**

There were no guests or presentations scheduled for tonight’s meeting.

**4. Call to the Public:**

No public was present.

**5. Consent Agenda:**

None.

**6. Approval of Agenda or Changes:**

**Motion:** Council Member Harrigan moved to approve the amended agenda that was presented.

**Second:** Council Member O’Nan seconded the motion.

**Discussion:** There was no discussion.

**Vote:** The motion was approved with the Mayor and the Council Members unanimously voting Aye.

**7. Approval of the 1/4/2016 Regular Council Meeting Minutes:**

**Motion:** Council Member Harrigan moved to approve the 1/4/16 Regular Council Meeting minutes.

**Second:** Council Member O’Nan seconded the motion.

**Discussion:** no discussion

**Vote:** The motion was approved with the Mayor and the Council Members unanimously voting Aye.

**8. Appointment to Fill Council Vacancy:**

Mayor Headley announced that he has an accepted offer on his house and that the sale will close in March if all is approved. His announcement to the community and his resignation as mayor will be timed with the closing. He will be around until May 1<sup>st</sup> but could possibly leave Interlaken sooner.

Mayor Headley spoke with our lawyer, Eric Johnson, regarding the process for replacing himself and the council seat left vacant by Herb Bowen. Council Member Bowen’s seat is a 2 year term, ending December 31, 2017. Mayor Headley is also serving a 2 year term, ending December 31, 2017. Council Member Simpkins is currently serving a 4 year term, ending December 31 2019. She has agreed to act as Mayor Pro Temp when Mayor Headley resigns.

Council Member Simpkins spoke about her new job within a multinational travel agency. She affirmed that she would be able to perform the duties of Mayor with flexibility in her work schedule. Council Member Harrigan brought up the issue of enforcement of ordinances in the community and the responsibility of the Mayor in those duties. Simpkins suggested we have an intermediary perform the enforcement duties and not a member of the Council. Harrigan mentioned that we should be able to ticket people for dogs who are barking, and other infractions. This will be part of the codes and ordinances process – a discussion of enforcement.

Mayor Headley discussed the process for replacing Council Members. When a Council Member resigns, the replacement for that position is appointed by the Mayor, and then approved by the Council. The appointee serves until the next municipal election regardless of the term length of the resignee who created the vacant seat. Interlaken's next municipal election is in November of 2017. Council Members elected at that time will be seated on January 1, 2018. This means the Council seats vacated by Bowen and Simpkins (as Mayor Pro Temp) will be filled by appointment with approval of the Council, and will only serve until January 1, 2018. If an appointee wishes to continue their seat as Council Member, they may run for election in November 2017. If the seat they filled by appointment is a 4 year term, they may only serve out the remainder of that 4 year term (2 years). If the seat they filled by appointment was a 2 year term, they would run for a full 4 year term. Note that this ensures the intentional staggering of Council seats implemented during the Town's first election: 3 seats up for election in November 2017, and 2 seats up for election in November 2019. This first election resulted in Bowen, Headley, and O'Nan serving 2 year terms and Harrigan and Simpkins serving 4 year terms. All future Council seats filled by election will serve 4 year terms, continuing this staggering of terms, with elections every 2 years.

Mayor Headley spoke about Scott Neuner, who has agreed to step in to replace Council Member Herb Bowen. Scott wrote a statement regarding his experience and his vision for Interlaken. Mayor Headley feels he is a good candidate for the position.

Mayor Headley requested a motion to appoint Scott Neuner to fill Herb Bowen's vacant Council seat.

**Motion:** Council Member Simpkins moved to appoint Scott Neuner to fill the vacant Council seat.

**Second:** Mayor Headley seconded the motion.

**Discussion:** There was no discussion.

**Vote:** The motion was approved with the Mayor and the Council Members unanimously voting Aye.

**9. Adoption of Amended Ordinance Enacting Water System Operating Regulations Including Collections and Enforcement and Related Matters:**

The Council reviewed the proposed ordinance No 4. "Impact Fee" was taken out of 1.1 Definitions and General Policies. Harrigan pointed out a reference to

“section 8.2.2 below”. It was changed to “section 1.2.2 below.” In section 1.8.1, the term “Town Manager” was changed to “Town Water Master.”

In section 1.2.6 it states: “All meters must be installed by the Town.” Although we don’t actually install the meters, the meters should be installed under the supervision of the Water Master. There was a long discussion about the wording of this section. The Water Master hires a contractor to install the meters, not the owner. It was decided that the wording would be changed to: “All customer water connections must be metered. All meters must be installed by the Town.”

Section 1.2.7 was removed because we are only allowed to have 1 meter per lot and this section pertains to multiple meters per lot. Accordingly, the following sections were renumbered to maintain numerical sequence.

The new Section 1.2.7 (formerly 1.2.8) was discussed and it was decided to leave it as written: “No individual water supply system shall be used or permitted on any lot or group of lots.”

Section 1.6.1 was changed to delete the last sentence referring to multiple meters.

Section 1.12.6 was discussed regarding whether the Town has the right to inspect an individual resident’s compliance with backflow prevention and cross connection procedures. Council Member O’Nan mentioned that this is a State requirement and that our Water Master has inspected individual homes for backflow prevention in the past.

Mayor Headley asked our Water Master to suggest a fee to disconnect and reconnect an individual’s water connection. Mac suggested \$100 for each service: \$50 to be paid to him, and \$50 to be paid to the Town. There was discussion about this fee. In the absence of a fee schedule, it was decided that this fee was appropriate as stated in Section 1.11.2.

Mayor Headley discussed Section 1.11.1 regarding delinquent accounts:  
“After thirty days from mailing, the Town shall give notice that the Account is past due and delinquent and that service may be discontinued unless payment is made in full or appropriate arrangements for payment are made.”

The term “appropriate arrangements” gives the Town some flexibility in negotiating a payment plan, and thus avoiding disconnection if the owner can agree to a reasonable payment plan. Mayor Headley noted that the delinquency clause is a requirement of the State Drinking Water Board, and that the various arrangements made in the past (monthly payments vs. full payment) will no longer be honored. Everyone pays his or her bill in full.

Mayor Headley discussed accounts in arrears for vacant lots (Duffy). The way the assessment invoice will be written will show past due balances as well as the current 2016 assessment for roads and water. Duffy was afforded some slack in past billings, but it was agreed that it is his responsibility to pay for past due

accounts on both his vacant lot and home lot. If an owner has multiple lots, all lots will appear on a single bill.

The delinquency response and the way payment will be applied to each owner's assessment is as follows, as stated in Section 1.11.2:

“If delinquency continues for sixty days after the notice of delinquency, water services will be discontinued after a final 24 Hour Delinquency Notice is hand delivered to the service address by the Town. After the expiration of this final 24-hour notice, the Town will disconnect the water service associated with the delinquent account and may seek any or all remedies allowed by law to recover the delinquent amount. A one hundred dollar disconnection fee and one hundred dollar reconnection fee shall be applied to any such disconnections.”

“In the event an owner owns or controls more than one lot, the Town shall apply any payment first to any and all undeveloped lot(s) and then to developed lot(s). Payments will be first applied to past due billings and second to the current billing in the following order: first to billings for any services provided additional to water service, such as for road maintenance and repair, and lastly to billings for water service. If insufficient to pay for both water service and other services, payment for the water service billing will be deemed delinquent.”

Section 1.15.1 was also edited to add “or disconnection of water service performed by the Town,” to protect the Town from liability damages resulting from a service disconnection (eg in case of a fire, due to an inoperable fire sprinkler system).

According to our lawyer, this language is appropriate and enforceable. In the future we may want to shift our road assessment to Wasatch County for a property tax assessment and let them handle collection. This assessment would be collected in November for the previous year. The County has a 90% collection rate, and if they take care of this, the Town can separate itself from that portion of the assessment. This leaves the Town in a stronger position – collecting only for the water assessment, and using the penalty of disconnection to enforce the collection. We need to decide our course soon. Brad Titcomb from the County can tell us what the taxes would look like for individual properties. We need to consider this as we prepare our budget for next year in March.

Mayor Headley proposed that the Council approve this ordinance with the changes approved during the discussion. Mayor Headley requested a motion to adopt Water System Ordinance No. 4 as amended by the previous discussion:

**Motion:** Council Member O’Nan moved to approve the Water System Ordinance No. 4 as amended.

**Second:** Council Member Simpkins seconded the motion.

**Discussion:** There was no discussion.

**Vote:** The motion was approved with the Mayor and the Council Members unanimously voting Aye.

Mayor Headley suggested that we reach out to our web designer, Anya, and begin posting our ordinances as well as meeting minutes. He would coordinate with the Town Clerk to get those documents to Anya. It was also suggested that we install a cork-backed bulletin board to be installed on the Pump House door to post the meeting agendas and other important notices. O’Nan agreed to look into getting a weather resistant, enclosed bulletin board.

#### **10. Review and Adoption of Revised Fiscal 2015-2016 Budget:**

Mayor Headley discussed the format of our budget. It turns out that we do not need to comply with the State’s format of a 12 page excel file format. Our contact from the State Auditor’s office, Patricia Nelson, explained that our Town budget format could be used, as long as we show 3 columns that provide actual expenditures from previous fiscal years, as well as the budget for the current year. It was noted that our other contact from the auditor’s office, Jeremy Walker, was not as savvy to some of these workarounds.

Mayor Headley walked the Council through the budget. The first column for FY2014 is blank because the Town was not yet established. The second column for FY2015 YTD has a \$6,000 transfer from IMWC on the first line of the first page. On the first line of the second page, under Water Revenue Fund, Revenue & Contribution, this \$6,000 also appears. It turns out the first transfer of funds from the IMWC to the Town occurred before the end of FY2015. That’s why this figure appears in this column. However, this \$6,000 is actually in our budget for FY2016, although it appears in the FY2015 column.

Mayor Headley has requested invoices for all services necessary to transfer our bond from IMWC to the Town. For example, Summit Engineering did some work that was necessary, providing a legal description of the parcels, as well as our lawyer, Eric Johnson. Other charges include Headley’s travel expenses to Salt Lake for the DWB meeting and a bill from a lawyer working for DWB. We can be reimbursed for up to \$25,000 in expenses related to the transfer of the bond. We could have a sizeable amount for this reimbursement, but it is not reflected in this budget (we don’t know the exact amount yet).

There are two main funds that have corresponding checking accounts: the General Fund (top of page 1) and the Water System Revenue Fund (top of page 2). This simplifies our banking process. Our ledger can be used to reflect how our expenses are allocated. This meets state requirements as well.

Our assessment checks will all be deposited into the General Fund. This is because we receive a single check for both water and roads. Under Transfers to Funds, it shows that the portion of the assessment that applies to water is transferred to the Water Revenue Fund (\$756 for each lot). Likewise, other monies are transferred to the various reserve funds. The correct terminology is that you transfer between funds and you allocate from a fund to an account.

After we pay our expenses, we should attribute some of our expenses to the Water Revenue Fund. This is because some of our expenses are shared between roads and water (eg Town Clerk). The percentage we use is based on our

reserve study and turns out to be 56% water, 44% roads. This is reflected in the transfers to reserve and contingency funds and also as a reimbursement under the General Fund, Administrative Expenses, of \$25,004 by the Water Revenue Fund (a positive number shows a credit to the account).

There was a surplus in the General Fund. In the splitting of the Contingency fund, it got thin when divided equally between roads and water. Mayor Headley elected to transfer an additional \$15,000 from the General Fund surplus to the Transportation Contingency Reserve Fund to cover future road expenses (eg seal coating).

Mayor Headley offered a further explanation. Under the Transportation Reserve Funds, there are two funds: Transportation Capital Facilities Replacement Fund and Transportation Contingency Reserve Fund. By calling them funds, there's no limit to the amount of money you can put in them. If it's in the General Fund, the unallocated funds are limited to being 75% of the total income. We don't have as much income on the road side because the road portion of the assessment is less than the water portion, so that's why the additional \$15,000 from the General Fund Surplus was transferred to the Transportation Contingency Reserve Fund (see second line under "Revenues" for this fund).

It was noted that the Total Revenue for the Transportation Contingency Reserve Fund was not listed in the budget. Mayor Headley will add this to the budget.

Note that the Transportation Capital Facilities Replacement Reserve Fund is not limited to maintenance and repairs, but could also be used to fund improvements for the roads, eg guardrails.

Under the Water System Revenue Fund, Revenue and Contribution, the Charge for services: metered water, of \$4,000, is an estimate for overage charges at the end of summer. The \$139,104 is the portion of the annual assessment allocated to the water (\$756 per lot).

The DWB said the flow of money will be as follows: from the Water Revenue Fund, monies will be allocated first to an expense account to ensure all expenses are covered. Secondly, the monies are transferred into the Water Revenue Bond Sinking Fund. This fund comprises two sub-funds: the Bond Fund and the Reserve Fund – Series 2016 Bond. (The naming conventions are dictated by DWB.) The Bond Fund holds monies in a money market account sufficient to make the annual bond payment.

The 2016 annual payment on the Bond is due by January 10<sup>th</sup>, 2017. . The funds for that payment will come from the annual assessment issued early in 2016 for the fiscal year ending June 30, 2016

The second Bond Sinking Fund sub-fund is the Reserve Fund – Series 2016 Bond. It statically holds in a money market account an money sufficient to make the annual bond payment in case the Bond Fund doesn't have the reserves to do so. This money stays in this fund for 8 years until the Bond is

paid off. There is no activity in this fund. We will never put anything more in this fund.

Last, Water Revenue funds received from the annual assessment are transferred to the Water System Reserve Fund, also a money market account. It has two sub-funds: the Water System Capital Facilities Reserve Fund, and the Water System Contingency Reserve Fund. The former holds funds in reserve for the 30-year cycle of replacement and maintenance of the water system infrastructure. The latter fund is held in reserve for unexpected expenses for which we can plan or budget.

Council Member Simpkins had a question regarding expenses. Where are the Health Department bills paid from? That would be the Chemicals & Monitoring account. Kristine needs to be instructed on how to apply expenses to which line item in the budget. We are using the same categories as IMWC, so she should be able to assign them properly.

Mayor Headley noted that the budget can be changed by the Council without a public hearing as long as the budget item does not change more than 20%. This is according to Jeremy Walker, of the State Auditor's office. We do not need to use the State Budget format for the future according to Patricia Nelson, State Auditor's Office.

Mayor Headley requested a motion to adopt the fiscal year budget ending June 30, 2016, as amended.

**Motion:** Council Member O'Nan moved to adopt the budget as amended.

**Second:** Council Member Simpkins seconded the motion.

**Discussion:** There was no discussion.

**Vote:** The motion was approved with the Mayor and the Council Members unanimously voting Aye.

## **11. 2016 Annual Assessment: Billing Format, Timing, Cover Letter**

We would like to get the 2016 assessment out as soon as possible. We do not currently have the format of the invoice from Jeff, our accountant. The terms of the assessment regarding incomplete or late payments will be laid out in the cover letter. DWB allows for monthly billings but we don't want to consider this because of the extra overhead costs. For the hardship cases, Mayor Headley suggested we extend the amount of time to pay off the account, rather than offer monthly payments.

The total amount of the assessment will be \$1,112 for each lot. This payment is due in full 30 days after the date of the billing. We will deal with the small percentage of people who don't make the full payment individually. Mayor Headley suggested that Town Clerk Smith look into alternatives for formatting the invoice. Headley would like the bill formatted to include past due billings, transportation, and water as separate items. He would also like to include the details of how we handle delinquent payments as outlined in Ordinance No. 4.

## **12. Progress Report on Codes and Ordinances – Town Clerk**

Town Clerk Smith reported that the attorneys have not had time to finish looking at the Ordinances. Adam sent out his first set of responses to our questions, which were incomplete. Some of his answers contradicted what we heard from Eric. A second request was made to verify his results with Eric. The next email we received stated that there was a delay on the ordinance review because of work being done on the Water Bond. Eric did mention to Larry that Adam discovered it was not necessary to be an Interlaken resident to serve on the Planning Commission. We're waiting for them to complete their review. We're also waiting to see what process we will use with the County regarding applications, inspections, review, and planning.

## **13. Report on Wasatch County Planning/Review/Inspections – Lisa Simpkins**

Council Member Simpkins spoke with Mike Davis, the Wasatch County manager, regarding the permitting and planning of construction in Interlaken. He suggested a process for working with the Town. He said the County could review plans after our Planning Commission had reviewed and given initial approval. They would then give their approval with any recommendations back to us. If we accept the application, the applicant can go to the County and get a building permit. They will follow the County procedures through permitting, inspections, occupancy, and it's possible that we also use the county's Board of Adjustment. They have a built-in process for granting variances as well as a Board of Adjustment. The Board of Adjustment reviews the applicant's appeal for a refusal of a variance. The homeowner pays for all steps of the process. We, as the Town, would have 2 opportunities to review a plan: at the front end, working with Wasatch County in the initial review, and at the end, if the owner requests a variance. The fee structure is already set up on line for the County. We need to create a contract for Wasatch County and adopt a resolution assigning them this responsibility. Mike Davis will give Council Member Simpkins a copy of the contract that Wallsburg used with the County to perform the same service. Our lawyers should review the contract. Town Clerk Smith suggested that we create a flowchart for new applicants to help them through the process. The fee schedule could be included with the flowchart.

Mayor Headley suggested that Smith contact Anya to get access to the Wix editor to make changes to the Town website. We need to remove content that's specific to IMWC and update contacts and add other content (ordinances, meeting minutes).

## **14. FINANCIAL MATTERS: Report on Pending Bills, Discussion of Bill Payment Protocol (Check Batching, Timing), Monthly Financial Reporting**

Larry presented the invoice for the new pump - \$14,761 and an invoice from Bill Prater, the attorney for the Drinking Water Board for DWB, for \$3,579. We will get reimbursed for the attorney fees as they relate to the completion of the Water Bond.

It was decided that we should pay our bills once a month. This would save the Town money as well as simplify the process for picking up and signing the checks. Lisa will receive all bills by the 20<sup>th</sup> of the month. They will be scanned and sent to Kristine who will cut the checks. These checks will be picked up and brought to the Council meeting and signed. (note: in later conversations, it was decided that the deadline for the invoices would be pushed out to the 25<sup>th</sup> of the month.)



**15. PUBLIC COMMENT.**

There was no public comment.

**16. COUNCIL COMMENTS.**

Council Member Simpkins asked about how assessment checks should be deposited into the Zion account. Zion Bank has a system that allows them to receive our checks and automatically deposit them into our account for \$1,000. It was decided not to use this service because it would not be cost effective. Simpkins will deposit the checks and pass along the information (owner, lot#, amount) to Kristine. (note: this process was later changed because the invoicing procedure changed significantly from the original plan.)

Council Member Simpkins suggested we set up a Facebook page for Interlaken. Council Member O’Nan thought she wouldn’t use it. Council Member Harrigan thought we should instead put our efforts into updating the Town website. There was a sense that a Facebook may be useful in the future and Simpkins will continue to look into it.

**17. ADJOURNMENT.**

Council Member Harrigan moved to adjourn the meeting. Council Member O’Nan seconded the motion. The motion passed unanimously.

The meeting was adjourned at 8:37 PM.