

PAYSON CITY
CITY COUNCIL MEETING AND WORK SESSION
Payson City Center, 439 W Utah Avenue, Payson UT 84651
Wednesday, March 6, 2024

CONDUCTING William R. Wright, Mayor

ELECTED OFFICIALS Brett Christensen, Brian Hulet, Anne Moss, Ryan Rowley, William R. Wright

EXCUSED: Taresa Hiatt

STAFF PRESENT David Tuckett, City Manager
Cathy Jensen, Finance Director
Kim E. Holindrake, City Recorder
Jason Sant, City Attorney
Brad Bishop, Police Chief
Robert Mills, Development Services Director
Travis Jockumsen, Public Works Director/City Engineer
Scott Spencer, Fire Chief
Janeen Dean, Community Events Coordinator
Tracy Zobell, Parks & Golf Director
Shawn Black, Power Director
Shelby Bohling, Communities That Care Coordinator
Melanie Marsh, Human Resources Director

OTHERS Sarah Ogden, Jeff Acerson - UTA

A. CALL TO ORDER

William R. Wright, Mayor, called this meeting of the City Council of Payson City, Utah, to order at 6:02 p.m. The meeting was properly noticed.

B. PRAYER & PLEDGE OF ALLEGIANCE

Prayer offered by Bill Wright.

Pledge of Allegiance led by Scott Spencer.

C. CONSENT AGENDA

1. Approval of the February 21, 2024, City Council Meeting Minutes
2. Proclamation – National Young Child Week
3. Resolution – Legislative Executive Consulting LLC Agreement

MOTION: Councilmember Moss – To approve the consent agenda. Motion seconded by Councilmember Rowley. A roll call vote was taken as follows and the motion carried.

Yes - Brett Christensen

Yes - Brian Hulet
Yes - Anne Moss
Yes - Ryan Rowley

D. PETITIONS, REMONSTRANCES & COMMUNICATIONS

1. CTC: Mayor's Youth Recognition (6:05 p.m.)

Mayor Wright and Shelby Bohling presented Mayor's Youth Recognition Awards to Kimber Cornwall, Mt. Nebo Middle School, Stetson Wetsel, Payson Junior High, and Juan Rivas, Payson High School.

2. Public Forum

Sarah Ogden stated she became aware of a vision for the Bonneville Shoreline Trail (BST) a few years ago, and Payson is included in that vision. Utahans first envisioned the 250-mile BST in the early 1990's. How have we progressed building it since then? Join us as we hike the entire trail and learn what we can do to help it along. The State has a Youtube channel for the BST called Perspective Productions Utah. On bonnevilleshorelinetrail.org it says the BST will one day stretch from the Idaho border to Nephi more than 280 miles. Currently, just over 100 miles of the route is officially designated as part of the BST. She wanted to bring this to the city council for awareness and to share the vision. She asked the council to watch for land as it becomes available to make this part of the bigger picture for Utah.

Councilmember Christensen noted the Forebay Committee has discussed the BST, and it is on their radar.

3. Staff and Council Reports

Staff Reports

COMMUNITY EVENTS – Janeen Dean reported the Easter Egg Hunt is March 30 at 10 a.m. at Hillman Field. The Salmon Supper is the first Friday in August and reminded the council of their participation. Adventure Day is Saturday, June 1 with fun activities planned, and she needs help from the council. Her office is at the Peteetneet museum where she manages the museum and events such as dance classes, music classes, home school, and room rentals are held. Last year, 27 volunteers worked at the museum taking 3-hour shifts each week and providing over 3,000 hours. There were over 1,300 visitors to see the museum. It's a very busy building. She noted the restrooms desperately need remodeling. If the restrooms were remodeled, she would double the fees for the building use.

Council Reports

Councilmember Moss has been attending the Payson Police Citizen Academy and it has been amazing. It's only held twice a year on Thursdays for eight weeks, and you get to know the Payson police officers and K-9 unit. She encouraged the council and residents to sign up. The police are amazing.

Councilmember Rowley is impressed by the youth engagement in the city, and the opportunity to recognize them. He thanked Shelby Bohling for her work. He asked that the youth be given the opportunity to say something about themselves when they are recognized. He's thankful for the city

staff. Also, there is a lot of construction coming when spring gets here and wants to make sure the streets are kept mud free.

Councilmember Hulet thanked staff for their work with the Main Street streetscape, working well with the businesses, and keeping the businesses open. He thanked Red Pine Construction. It is a great project. The Outdoor Recreation Grants are due next week. The city received quite few last year. He is working on one to repave some of the city trails. If anyone has any ideas, let him know.

Councilmember Christensen thanked staff for all they do. A shout out to the citizens who attended the caucus meetings last night. It was great to see so many people attend.

Mayor Wright noted the Citizen Academy is a great experience for everyone and gives a different understanding of what the police do. The downtown project is a very hard project with stress for the city and the business owners. The city can't solve all the problems but certainly tries. He appreciates the support of the businesses. He recognized Jeff Acerson with UTA in attendance.

E. ACTION ITEMS

1. Resolution – Utility Bill Assistance for Activated Military Personnel (6:25 p.m.)

Staff Presentation:

Dave Tuckett stated the utility bill assistance was first done in the early 2000's with other cities participating as well. The discount was up to \$100 per month if the resident was on active duty and deployed. It was updated in 2011. At this time people are being deployed, and the city received three requests for the assistance. He proposed raising the assistance amount to up to \$150 monthly.

Council Discussion:

Mayor Wright stated he certainly supports this.

Councilmember Hulet asked that information be put in the city newsletter yearly to show its available.

Councilmember Rowley noted this is the least the city can do for those who serve the country. He questioned if \$150 is enough. It's for a select few actively deployed. He suggested \$170.

Councilmember Hulet is good either way. It is a nice benefit or perk for serving.

Cheryl Hobbs stated that currently, she received three requests. They have to bring in a copy of their orders. In the past, the city has received six at a time. They are usually deployed for a year to 14 months. It is for those in the Utah National Guard but not regular full-time military. Bills have gone up quite a bit.

Councilmember Moss suggested raising it to \$200 per month. They are away from their family. They are sent to the border, which isn't the safest place.

MOTION: Councilmember Moss – To approve (resolution) and raise the rate to \$200 monthly (activated military personnel). Motion seconded by Councilmember Rowley. A roll call vote was taken as follows and the motion carried.

Yes - Brett Christensen

- Yes - Brian Hulet
- Yes - Anne Moss
- Yes - Ryan Rowley

2. Resolution – Amendments to the Payson City Fee Schedule (6:31 p.m.)

Staff Presentation:

Cathy Jensen reviewed the proposed fee amendments.

- The military active deployment will be raised to \$200 monthly.
- The cost for sewer, water, and pressurized irrigation meters continually go up so it’s proposed to charge the actual cost.
- Increases in electric connection fees for new development and actual costs for pulling wire.
- Increases for Petetneet use.

MOTION: Councilmember Hulet – To approve the (resolution) amendments to the Payson City Fee Schedule with \$200 for the utility bill assistance for active military personnel. Motion seconded by Councilmember Christensen. A roll call vote was taken as follows and the motion carried.

- Yes - Brett Christensen
- Yes - Brian Hulet
- Yes - Anne Moss
- Yes - Ryan Rowley

F. WORK SESSION

1. Fiscal Year 2024-2025 Budget

Staff Presentation:

Dave Tuckett stated the city has to adopt a tentative budget in May and a final budget in June unless the city conducts a Truth in Taxation then it’s August. He and Cathy Jensen met with all the departments and are working to balance the budget. Shawn Black will discuss a new power generation facility in the next work session; the power budget is not balanced at this time. Staff is not proposing raising utility fees at this point. This will be a high view of the budget as of today. Future budget work sessions will be scheduled to review and ask questions on the budget.

Cathy Jensen noted this is very early in the budget process. There are some unknowns and projections to conduct. Currently, departments have submitted their requested budget, and she is working to balance the budget(s).

Budget Overview:

- Unknowns include insurance (health and liability), Workers Comp insurance, animal shelter fees, dispatch fees, costs for some major projects, and revenue projections (need more billing history).
- Revenues and expenditures will be refined through the budget process. Staff projects anticipated revenues in all funds based on current trajectories and last year’s history. Staff considers new programs, increases in rates, grants, current economy, and reports on projected economy including likelihood of recession, increases/decreases in interest, building permits, and impact fees. Revenues drive other things in the budget such as additional personnel, equipment, and projects.
- Primary expenditures that get budgeted first include bond payments, personnel costs, internal loans, and external loans/leases.

- Bonds: The pool and sewer refunding bonds will be retired in 2026. This will help in the general fund and sewer fund.

<u>Bond</u>	<u>Series</u>	<u>Maturity Date</u>	<u>Original Bonding</u>	<u>FY 24-25 Principal</u>	<u>FY 24-25 Interest</u>	<u>6/30/2025 Balance</u>
UTOPIA-Electric-Contract	2017	7/1/2027	\$ 3,119,040	259,920.00	0.00	519,840.00
Water Revenue Bonds-Refunding 2013 Forebay	2013	10/15/2029	7,385,000	495,000.00	83,632.50	2,700,000.00
Water Revenue Refunding -Water Tank****	2016	10/15/2032	2,861,000	174,000.00	46,898.50	1,547,000
Water Revenue Bonds-PI Lines and Meters	2019	10/15/2036	6,645,000	359,000.00	79,280.00	7,569,000
Pool/Sewer Refunding-Combined (2014)	2016	10/15/2026	7,918,000	832,000.00	35,142.20	1,701,000
37.6% Sewer-Sales Tax Refunding*	2016	10/15/2026	2,977,168	312,832	13,213	639,576
62.4% -Pool-Sales Tax Refunding**	2016	10/15/2026	4,940,832	519,168	21,929	1,061,424
DWQ Sewer Revenue bond 2022***	2022	5/3/2055	13,500,000	-	67,500	13,500,000
2022 B Sewer Bonds \$10M	2023	2/1/2037	10,000,000	639,000.00	337,593	9,361,000
2023 Bank of Am Sewer Revenue Bonds \$41.5	2023	2/1/2037	41,500,000	854,000.00	1,645,749	40,646,000
Wilson School \$2.7M 10 Years 0 Interest	2024	1/1/2033	-	270,000.00		2,160,000

- Revolving Loans Fund 71 (internal loans to departments):
 - New vehicles and some equipment that is amortized over five years at 3.5% with the exception of the RV Park that is amortized over a longer period.
 - Interest accumulates and loans are repaid to allow future expenditures.
 - Evaluation and proposed vehicle turnover is driven to a great extent by the vehicle maintenance director who evaluates equipment/vehicles and potential resale value. Vehicle turnover (resale) has paid for the new vehicles, but resale value is slowing down.
 - Maintenance on new vehicles is often either covered by warranties or limited due to vehicles being new, which creates a savings.
 - The downside to revolving the vehicles is that citizens often see employees driving new vehicles and are concerned.
 - Discussion: Staff asked if the fund could be split between small items and large items so that small items can still be purchased when a large item has depleted the fund. The ambulance is an enterprise fund and pays its way with no tax revenues. Fire is all general fund but does generate revenues under a transport contract, inspection fees, and charges to reimburse supplies. Churches, school, and other entities don't pay taxes but do pay utilities. This is why the utility departments help fund the general fund.
- Personnel Costs include base pay, potential rate increases, (based on surveys), and benefits. Rate increases take into account economy/available resources and surveys from other entities. The city strives to be competitive to retain current employees and attract/fill new qualified people for positions. Benefits are comparable to other government entities including health insurance, Utah State Retirement (required by State law), and vacation/sick. Staff is currently forecasting a 4.5% increase in payroll.
- Potential rate increases including economy/available resources, survey of other entities conducted, strive to be competitive to retain current employees and attract and fill new qualified people for positions. Payson benefits are comparable to other government entities for health insurance, Utah state retirement, and vacation /sick. Currently forecasting about 4.5% increase in payroll, but that may need to be refined as workthrough the budget.

Melanie Marsh stated employees are our most valuable resources. A classification and compensation system provides a framework for determining how employees will be paid. Payson City was lagging behind the market relative to wages, and it was difficult to recruit new employees and also ensure fairness to existing employees. Over the past seven years, the city has worked diligently to get

competitive pay to attract and retain employees. The goal has been to get employees to mid point. Data is collected from comparable entities and benchmarks are used to create pay ranges. It is forecasted that a 4.5% increase in payroll will be budgeted, which may change.

Mayor Wright noted if the city doesn't keep up with the market, it trains employees who then leave to another entity; and the city loses out on those training costs. This has been a big issue with police.

Councilmember Rowley noted the way to save money and cut costs is not to turn the screws to the employees. The city has to continue to be competitive to attract the best people, which elevates the entire city.

- Requested budgetary items uses a modified zero-based budget process where most items are expected to be justified in the budget. Operational and new capital items are added as the budget can bear. Some items such as natural gas, fuel, utilities, and telephone costs are projected based on previous use.
- Budget Use of Fund Balance:
 - The budget (general fund) is balanced based on projection of revenues and often with fund balance availability.
 - Actual revenues have exceeded expenditures in the past four years so fund balance has not been used.
 - General fund balance limited to 35% of revenues. Excess fund balance is transferred to the capital improvement fund to allow for allocation.
 - Fund balance is computed after taking out net assets (asset value less depreciation, and debt) for enterprise funds.
 - Some items that reflect use of budget but don't get expended include projects that can't be completed by yearend, plans/studies, and equipment purchases.
 - Staff is considering reducing the transfer from the electric department to the general fund, which will affect the general fund-fund balance.
 - The purpose of the fund balance is to provide working capital to finance expenditures from the beginning of the budget period until general property taxes, sales taxes, or other applicable revenues are collected; provide resources to meet emergency expenditures; cover a pending yearend excess of expenditures over revenue from an unavoidable shortfall in revenues. Any fund balance in excess of 5% of the total revenue of the general fund may be utilized for budget purposes.
- Overhead (indirect services) are allocated expenses charged to other departments/funds to cover the costs of services in that department or fund that would otherwise have to go outside the city to receive services. These services include legal, human resource, accounting, billing and collecting, mayor and council, vehicle maintenance, IT, engineering, building maintenance, and development services.
- Transfers are made to the general fund to cover revenues for those entities such as hospitals, churches, schools, etc. who pay utilities but don't pay taxes to cover the cost of government services. An annual notice is made to the citizens through the utility bills as per state code.
- The structure of the general fund includes general fund, B&C revenue, utility fund, Scottish Festival, Historic Preservation, Peteetneet, Onion Days, Salmon Supper, Payson community Theater, Economic Development, and CDBG.
- With regards to the economy, the budget will be conservative on revenue projections. Looking at a point in time:
 - February sales tax based on December sales is down 6%.

- Building permits are down 37% to date over the previous year.
- Water connections are down 32% to date over the previous year.
- Sewer connections are down 20% to date over the previous year.
- Golf course fees are up 29% to date over the previous year.
- Recreational program use is up.
- Public safety impact fees are down 18.5% over the previous year.
- Water impact fees are up 2% to date over the previous year.
- Power impact fees are down 3% to date over the previous year.
- Park impact fees are down 76% to date over the previous year.
- Interest rates are up, which has helped many funds including the general fund. Some economists believe that interest will decrease/level off this next year.
- Funded/Not Funded Requests (Tentative):

FUNDED

Perpetual Care	Roads for 5-year project	\$200,000
Peteetneet	Grant to fix exterior painting	\$50,000
Planning	Nebo Beltway Plan	\$165,000
Planning	Title 19 and 20 – Code Amendments	\$100,000
Planning	MotoX Studies	\$105,000
Planning	Salem Canal Trail matching funds	\$4,500
Planning	Equestrian Park feasibility study	\$50,000
Planning	Chris Swenson Construction	\$75,000
Planning	Forebay/Gladstan/Elk Ridge planning study	\$75,000
Planning	Haskerville Eastside Comprehensive Plan	\$100,000
Planning	Facade grant \$200,000 grant \$100,000 match	\$150,000
Power Impact	Down payment for new electric plan (part funded)	\$2,000,000
RDA (25) Business Park	Maker Space	\$900,000
Recreation	Outfield fence repair/replace	\$32,000
Revolving Loan	L109 Electric line truck	\$368,000
Revolving Loan	L110 2021 cemetery F150 2599	\$55,000
Revolving Loan	L111 Admin Escape	\$29,000
Revolving Loan	L112 Admin Escape	\$29,000
Revolving Loan	L113 GIS Chevy Trail Boss	\$62,000
Revolving Loan	L114 PW construction inspector F150	\$56,000
Revolving Loan	L115 Golf 2004 F150	\$55,000
Revolving Loan	L116 Golf Ranger	\$38,000
Revolving Loan	L117 Water Chevy 2500 w service bed	\$70,000
Revolving Loan	L118 Water one-ton flat bed	\$65,000
Revolving Loan	L119 Water 2017 F150 (or maverick 30,000 replacement)	\$60,000
Revolving Loan	L120 Street 2021 F250	\$55,000
Revolving Loan	L121 2004 Sewer Ford F350	\$70,000
Revolving Loan	L122 Storm Drain corridor maintenance 2021 Ford F1	\$50,000
Revolving Loan	L123 Solid Waste 2021 F150	\$53,000
Revolving Loan	L124 Building inspection 2021 Ford F150	\$60,000
Seniors	Senior Bus (grant, city's portion)	\$30,000
Solid Waste	Garbage truck lease	\$66,500
Solid Waste	DC Dozer	\$392,250
Storm	Curb and gutter	\$300,000
Storm	Business Park injection well	\$300,000
Storm	Curb box and inlet repair	\$25,000
Storm	Loafer View storm drain pond and injection well	\$300,000
Streets	Road fee feasibility study	\$20,000

Streets	Sidewalk repair	\$188,400
Streets	Parking lot	\$300,000
Swimming Pool	Toy refurbish	\$22,000
Swimming Pool	Irrigation controller	\$6,400
Vehicle Maintenance	Larger lift for ambulance and large trucks	\$75,000
Vehicle Maintenance	Service truck equipment	\$10,000
Water	Miny X (\$70,000 trade in)	\$90,000
IT	Part-time IT person	
Landfill	Full-time driver	
Administration	Assistant City Manager	

NOT FUNDED

Park Impact	Property	\$4,000,000
Peteetneet	Restrooms	\$800,000
Police	Property for police station	
Recreation	Playground Equipment	\$300,000
Recreation	Recreation Offices	\$1,000,000
Revolving Loan	Roll-off bin/bin truck – sewer	\$250,000
Water	Truck #415 flat bed	\$85,000
Sewer	Part-time collection helpers (2)	

Council Discussion:

Mayor Wright stated it's great to save money, but he doesn't want to be in a position to fail. Items need to be funded so the city can function properly.

Dave Tuckett noted this has probably sparked a lot of questions, and he encouraged the council to contact staff with any questions. Staff will focus on specific items in future work sessions.

2. Power Generation Facility (7:15 p.m.)

Staff Presentation:

Shawn Black explained power consumption varies throughout the day and between seasons. Payson power demand is around 16 megawatts during business days in winter but can surge to 34 megawatts in July. The difference between winter and summer demand poses challenges, especially for utilities serving primarily residential customers. The three main types of power include base load, intermediate, and peak. Base load refers to constant power demand, such as that from coal or gas plants operating 24/7. Intermediate power can be met with sources like solar, while peak power typically requires additional resources and is subject to market volatility. Utilities face market risks, especially when they must purchase power on the market to meet demand spikes. Payson's current 2023 resources included CRSP (1.766 MW), Hunter (0.666 MW), long-term market contracts (7 MW), PV wind (0.3 MW), and Nebo (10.895 MW) for a baseload and intermediate capacity total of 20.627 megawatts. Adding in the Payson Power Plant (7 MW) give an additional seven megawatts of peak capacity for a resource total of 27.627 megawatts. The 2025 resources adding six new generators would include CRSP (1.766 MW), Hunter (0.666 MW), long-term market contracts (0 MW), PV wind (0.3 MW), and Nebo (10.895 MW) for a baseload capacity total of 13.627 megawatts. Steel Solar (3.875 MW) is added for an intermediate capacity total of 17.502 megawatts. Payson Power Plant (19.4 MW) gives an additional 19.4 megawatts for a total resource of 36.902 megawatts.

Discussion about balancing renewable energy sources like solar with traditional power generation to optimize cost and reliability. The "duck curve" phenomenon, where solar production affects pricing

and grid stability, is mentioned as a factor to consider in planning. Various types of batteries are being explored, including sodium aluminum, lithium, and flow batteries, each with their own advantages and challenges. The development of efficient battery storage is seen as crucial for balancing energy supply and demand. Payson will receive 4 megawatts from the Steel Solar Plant, which will help with immediate power needs.

Discussion regarding recent legislation supporting nuclear energy, its potential, regulatory challenges, high costs, and concerns about its safety. There is a need for more support and investment in energy infrastructure and innovation.

Discussion regarding high and low usage during the year with high market costs between July and September. Owning the engines controls the hours and covers the high loads, which can make money over time. The plan was to replace the 1962 and 1968 engines and add six new engines, but other options can be explored adding four, five or six engines. Discussion regarding direct placement rates verses bonding. Bonding could be done through UAMPS with UAMPS owning the power plant until paid and isn't a debt to the city. Market uncertainty will always be an issue.

	20-Year Amortization	25-Year Amortization	30-Year Amortization
Six Engines – Direct Purchase Scenario: \$33,895,000 Project			
Total	\$56,944,068	\$64,261,470	\$73,346,965
Average annual payment	\$2,847,203	\$2,570,459	\$2,444,899
Five Engines – Direct Purchase Scenario: \$30,295,000			
Total	\$50,936,915	\$57,476,225	\$65,602,278
Average annual payment	\$2,546,846	\$2,299,049	\$2,186,743
Four Engines – Direct Purchase Scenario: \$25,595,000			
Total	\$43,086,243	\$48,18,675	\$55,490,363
Average annual payment	\$2,154,312	\$1,944,747	\$1,849,679

Council Discussion:

Discussion that with six engines and less growth, the excess power can be sold on the market if not used.

Councilmember Christensen is in favor of purchasing six engines. He doesn't want to wait and pay double in the future.

Councilmember Hulet would like to accomplish this if rates aren't raised. He would like to see if there are any grants available. He doesn't have a problem looking at raising rates if the residents understand why and the power is stabilized.

Councilmember Rowley doesn't want to cheap out on power. He likes the idea of harnessing and controlling our own power. The city's goal isn't to raise rates, but the reality is the price of everything is going up.

Shawn Black noted only purchasing four engines would not raise rates. The 1962 and 1968 engines have to go because they use diesel fuel (5 gallons per MW), which makes the variable costs very high.

Dave Tuckett noted that this information has been given to the financial consultants to get their proposal on whether rates need to be raised again. Other problems are the SUVPS yearly payment of \$650,000 begins this year, this proposal of \$2.4 million, and the transmission line that needs to happen

at about \$3 million. It's the timing, but it all needs to be done. Staff will get the information back from the financial consultants and bring options back to the council. Direct payment can be paid off early but not bonding.

Shawn Black noted that about 55% of the costs will come from impact fees. It takes time to get a utility in financial health. The highest priority is a new substation to the south and the transmission line. The new engines will last about 40 years.

Councilmember Rowley noted that if the city does nothing and some of the current resources go away, the rates won't stay the same either. Raising rates would protect the residents and the long-term of the future. He would like to explore the six new engines and the potential rate increases.

Councilmember Christensen would like to have this on the next council agenda. He doesn't want to be at the mercy of another entity.

G. ADJOURNMENT

MOTION: Councilmember Christensen – To adjourn. Motion seconded by Councilmember Hulet. Those voting yes: Brett Christensen, Brian Hulet, Anne Moss, Ryan Rowley. The motion carried.

The meeting was adjourned at 8:00 p.m.

/s/ Kim E. Holindrake
Kim E. Holindrake, City Recorder