Minutes of the Work Session of the Payson City Council of Payson City held at the Payson City Center, 439 West Utah Avenue, Payson, Utah on Wednesday, April 29, 2015 at 6:00 p.m.

**ROLL CALL**: Mayor Rick Moore; Councilmembers: Larry Skinner, Mike Hardy, JoLynn Ford, Scott Phillips, and Kim Hancock. City Manager David Tuckett, City Attorney Mark Sorenson and City Recorder Sara Hubbs.

**PRAYER & PLEDGE OF ALLEGIANCE**

Prayer offered by Councilmember Hancock and Pledge of Allegiance led by Councilmember Phillips.

**STAFF REPORTS**

Councilmember Phillips asked why the water restrictions item was not on the agenda? City Manager Dave Tuckett said he felt it should wait since it had been publicized to be on the May 6th council meeting.

Councilmember Ford asked if the City is going to let the Church Leaders know of the restrictions.

Golf Pro Tracy Zobell reported that he had a gentleman approach him yesterday who wants to build a reception center in Elk Ridge and that gentleman has also been in contact with Mr. Schram. Mr. Zobell is concerned about the land ending up in somebody else’s hands. The gentleman wants to do a reception center and then a time share facility.

Councilmember Skinner asked Mr. Zobell about the access through the parking lot. Mr. Zobell reported there is no access through the west only through our parking lot. Councilmember Skinner asked if there is any way that we could be forced into giving an easement to future builders.

Mr. Tuckett asked Mr. Zobell if the gentleman would be interested in working with the City on this project. Mr. Zobell responded he wasn’t sure. Mr. Zobell expressed his concern that many have made money off the golf course except the City and he doesn’t want the city to miss out on opportunities.

Councilmember Skinner suggested that Mr. Zobell invite the gentleman to come discuss the project with the City Council and staff. He reiterated that the project as described cannot exist without the easement.

Mayor Moore asked who the gentleman was. Mr. Zobell responded he wasn’t sure who he is. He only knows that the gentleman was just looking into the project and was told to talk with Mr. Zobell. Mr. Zobell said he will contact the gentleman and see if he wants to meet.

Mr. Tuckett led discussion regarding the tentative budget that will need to be adopted during the next council meeting on May 6th. He explained the council will need to adopt a budget in June or in August depending on whether we want to do a truth in taxation. Mr. Tuckett explained the budget is balanced, but with a 20% property tax increase. Mr. Tuckett projected property tax rate comparisons of various cities in Utah County. He also showed the effect a 20% tax rate increase would have on residents.

Councilmember Scott would like to know what the effect would be on commercial property. Mr. Tuckett said he would look into that and the Council and Mayor know the effect.

Councilmember Skinner asked if we can present the property tax increase in a way that doesn’t seem so overwhelming to the citizens. Councilmember Ford agreed and wants to educate citizens as to why we need the tax increase. She stated citizens think cities have excess funds, but Payson City Council, Mayor and staff need to explain why the city needs the increase.

Mr. Tuckett explained if the property tax increase isn’t palatable, then he and staff will try to balance a different way. Mr. Tuckett also explained the CPI increase wasn’t included in all the utilities. He explained a 1.6% increase in utility rates was included in Storm and Sewer. Councilmember Skinner asked if the rates can be raised a little higher, so the City can save for projects.

Councilmember Scott expressed frustration that staff is asking for rate increases and property tax rate increases. Mayor Moore expressed concern that there needs to be some education available to citizens so the public understands what a property tax increase means for them. Discussion was held regarding rates and property taxes and the consensus was to involve citizens as much as possible and educate the public as to why the increase is needed and the effect it will have on them.

Councilmember Skinner asked if the budget included purchasing water. Mr. Tuckett explained he had met with highline today to see what it would cost us, but the budget did not include the purchase of water.

Sara Hubbs Finance Director presented information regarding the proposed budgets. She following items were highlighted:

* Capital budget has taken a hit in this budget to help fund operating expenditures
* Wage increases for employees to get them to mid-range level because the wages are so far behind
* Departments listed from least to greatest expenditures

Discussion was held regarding the city council budget. Councilman Skinner wondered why the city council budget was so big. Ms. Hubbs showed the detail of the Council’s budget. The council discussed the various items in budget.

Ms. Hubbs showed various other tables that summarized the general fund department’s budgets. Ms. She mentioned she will send documents to the council.

Councilmembers asked Ms. Hubbs to collect data from other cities that showed percentages of personnel of other cities in relation to their overall budget and then compare it to the Payson City budget.

Discussion was held in regards to the transfers from enterprise funds to the general funds. Ms. Hubbs showed the amount of the transfers and discussed the shortfall in the sewer budget.

Public Works Director Travis Jockumsen led discussion regarding the sewer fund financial shortfall and presented a five year capital improvement projection. He showed graphs of projected sewer costs and revenue. He stated by 2020, the sewer plant will have to be upgraded. Mr. Jockumsen displayed graphs and tables that showed the costs of projects and the effect of raising monthly rates $5, $10, and $20. Mr. Jockumsen mentioned he has included many different factors in his presentation and he is happy to discuss the factors in more depth with anyone that is interested.

Mr. Jockumsen stated the expenses shoot up because the sewer department needs $300,000 to fix the rotors. He said the sewer operation doesn’t have a redundancy in the plant, so if something goes down, the plant will be in violation and the fines would be extremely high. Mr. Jockumsen proceeded to talk about other areas that are of main concern for the sewer department. He also stated the Ridge Lane sewer line is a problem area that the sewer department can’t get to due to it having parking lots and various other lots on top of it. He stated the Jet truck can’t get in the line. It has to park way down the road.

Mr. Jockumsen also stated the sewer department is not out actively cleaning lines because there aren’t enough employees to camera and clean out. Councilmember Phillips asked what employees would do during the winter. He doesn’t believe the employees would be able to clean out lines during the winter. Councilmember Phillips asked what about hiring some summer time help. Mr. Tuckett suggested Payson could look into contracting out the cleaning of lines. Councilmember Ford liked the idea to receive bids from various companies to clean the lines. Mr. Tuckett responded staff would look at the cost of part-time employees versus contracting out and look at the difference between the costs.

Mr. Jockumsen provided graphs and information for the water department. Discussion was held regarding the water outlook as well. Mr. Jockumsen stated the Water department isn’t in as bad of shape as sewer, but the rates do need to be monitored to determine the charge that would sustain current and future capital improvements. Mayor Moore stated he would like some upgrades on the pond for pressurized irrigation. Mr. Jockumsen showed the projection of water based on monthly $2 , $4, and $6 increases.

Councilmember Skinner asked when it becomes a priority for Payson to hire a top notch business recruiter. Mr. Jockumsen stated that Payson can’t hire a recruiter until there is a plan in place. Mr. Jockumsen said every area that can be developed has challenges and they need the plan/study completed to know what the challenges are.

Discussion was held regarding Payson city’s growth. Councilmembers wanted to know why Payson hasn’t grown like other surrounding cities.

Mr. Tuckett stated that the Council will have to make decisions about whether to increase rates, which ones, how much, whether they wanted to do a property tax increase, or get rid of employees to cut personnel costs. Mr. Tuckett said he will look at all options and make it work. Councilmember Phillips stated he is concerned with the rise in health insurance. He agrees that the city is in need of raises. Councilmember Skinner stated the reality is that we are in a tough situation and something needs to be done and can’t be put off.

Councilmember Phillips asked if a $5 or $7.50 increase were implemented this year what, would it need to be increased to when the upgrade is installed. Mr. Jockumsen stated a $20 increase would be close to what we need. Mr. Jockumsen stated the bigger the city gets the cheaper the sewer will be. Councilmember Phillips asked when Salem will make a decision whether they want to join forces with Payson or not. Mayor Moore said they should know in the next few weeks and he also mentioned he heard that Spanish Fork is doing their own thing. Councilmember Phillips asked wouldn’t it be beneficial for the cities to work together. Mr. Tuckett responded that it would be.

Councilmember Ford wanted to know how much debt was left on the four way bond. Mr. Tuckett explained that the bond will paid off in the year 2030. Councilmember Phillips asked if there was a way to roll the pool bond into a general obligation bond. Mr. Tuckett said the public will have to vote on it and it will increase the property taxes.

Councilmember Hardy said the city is at the point where something needs to be done with the property tax rate. He stated now we’re in a spot where we don’t have a choice. Councilmember Skinner also stated that he felt the city had no choice, but to increase property taxes.

Mr. Tuckett mentioned that on next week’s council meeting agenda are some budget amendments. He stated that some of the budget amendments are to correct the due to and due from accounts that the state auditor had asked the city to correct.

**MOTION** by Councilmember Phillips to adjourn.

Meeting adjourned at 7:48