

1 PAYSON CITY
2 CITY COUNCIL MEETING
3 Payson City Center, 439 W Utah Avenue, Payson UT 84651
4 Wednesday, September 21, 2016 6:00 p.m.
5

6 CONDUCTING Mayor Richard Moore
7

8 ELECTED OFFICIALS Linda Carter, Mike Hardy, Brian Hulet, Scott Phillips, Doug Welton
9 (7:50 p.m.)
10

11 STAFF Dave Tuckett, City Manager
12 Sara Hubbs, Finance Director/Recorder
13 Travis Jockumsen, Dev. Serv. Director/City Engineer, PW Director
14 Jill Spencer, City Planner
15 Mark Sorenson, City Attorney
16 Kim Holindrake, Deputy Recorder
17 Karl Teemant, Recreation Director
18 Tracy Zobell, Golf Pro
19 Ron Crump, Electrical Superintendent
20 Janeen Dean, Community Events Coordinator
21 Scott Spencer, Fire Chief
22

23 OTHERS Dave Berg- Dave Berg Consulting, Richard Steele, Ross Welch –
24 Patterson Construction
25

26 This meeting of the City Council of Payson City, Utah, having been properly noticed, was called to
27 order at 6:04 p.m.
28

29 A. PRAYER & PLEDGE OF ALLEGIANCE
30

31 Prayer offered by Councilmember Hulet
32

33 Pledge of Allegiance led by Councilmember Phillips
34

35 B. CONSENT AGENDA

- 36 1. Approval of August 31, 2016 Payson City Council Special Meeting Minutes
37 2. Approval of September 7, 2016 Payson City Council Meeting Minutes
38 3. Resolution – Amendment to the Advance Auto Parts Deferral Agreement
39 4. Resolution – Approving an Amendment to the Water Transfer and Banking Agreement
40 between Payson City and Winterton Family Living Trust
41

42 **MOTION: Councilmember Hardy - To approve the Consent Agenda as outlined.** Motion
43 seconded by Councilmember Hulet. Those voting yes: Linda Carter, Mike Hardy, Brian Hulet, Scott
44 Phillips. The motion carried.
45

46 C. PETITIONS, REMONSTRANCES & COMMUNICATIONS

- 47 1. Public Forum
48

49 Richard Steele stated he moved to Payson in 1973. He does all he can to improve the reputation of
50 Payson. He speaks up for the police whenever he can. This year he cheered for Jason Chaffetz in the
51 Provo parade that shook his hand. He is trying to get a state representative to lift the mining
52 moratorium on steel and titanium so he can mine in Eureka. He wants to patent titanium. Last year
53 he was in the redwood forest. He recently crossed the golden gate bridge. Payson is as great as any
54 of those towns. This town has a great history, and we need to speak up for this town.
55

56 2. Council and Staff Reports

57 Staff Reports

58 RECREATION – Director Karl Teemant reported that the youth soccer wrapped up. Thursday will
59 be the end for the most part for soccer. The club soccer and the adult Latin leagues will play into
60 October. Youth flag football begins next week and adult flag football will begin two weeks later.
61 The adult fall softball leagues are wrapping up as well. They have begun winterizing the pool. The
62 play feature is being refurbished and repainted. They began aeration and fertilization of the fields.
63

64 GOLF - Tracy Zobell stated the pavilion up at Canyon Park is coming along. The ladies golf
65 association closing social is a week from tonight. The men’s association closing social will be the
66 first of October. Timpkin has a tournament the first part of October, and then things wind down.
67 They have been busy with the good weather. Last year the golf course was able to stay open until
68 almost Thanksgiving.
69

70 FIRE AND AMBULANCE– Chief Spencer stated Thursday, October 6 is the coloring contest for
71 fire prevention week for the elementary schools. They pick one child from each grade and school,
72 pick them up in a fire truck or ambulance, have lunch and do some education with them. They
73 hosted the county fire chief’s luncheon last week at the golf course. Fire and medical calls last
74 weekend were mostly during the evening and night hours. In a 36 hour period, they had over 21
75 calls.
76

77 COMMUNITY EVENTS - Janeen Dean thanked the mayor, council, and community for their
78 support with Onion Days and Salmon Supper. Today she had a wrap-up meeting to discuss what
79 went well and how to make things better. She is working on the Santa Dash, which will be the day
80 after Thanksgiving along with Christmas caroling and turning on the lights at Peteetneet. This year
81 she is adding a Christmas boutique at Peteetneet.
82

83 Council Reports

84 Councilmember Phillips stated roads are getting paved and almost complete.
85

86 Mayor Moore stated 600 East is getting repaired and will hopefully be done before winter. He
87 appreciated all those who worked for the Onion Days celebration and the Salmon Supper.
88

89 3. Scout Attendance Certificates

90 Linda Carter presented scout attendance certificates to Trey Zobell and Zane Zobell.
91

92 D. OTHER

97 1. Presentation on a Power Rate Study (6:20 p.m.)

98
99 Staff Presentation:

100 Ron Crump stated the electric cost of service and rate design study has been completed. Dave Berg
101 is here to present the interim report.

102
103 Dave Berg stated he has been doing rate studies for all kinds of utilities for 30 years and teaches
104 classes as well. This report includes information so far prior to the rate design. Rates for electric
105 utilities have two primary issues to address. One being the rate or price tag put on the product that is
106 sold. This generates the needed revenue. It is critical that the right amount of revenue is generated
107 relative to the expected expenses. The second item is cost of service where you look at the different
108 kinds of customers begin served such as residential, commercial, and industrial.

109
110 Ron Crump stated the \$80,000 under annexation projects in table 2-2 go toward buying out any
111 power facility in the annexation areas. There are approximately 6200 residential land commercial
112 electric customers.

113
114 Dave Berg stated it is a conservative estimate that there will be 35 new customers in 2016. Table 2-
115 3 is a summary of the projected operating results. Depreciation is an expense, which is a non-cash
116 item. The change in net position shows a negative in 2016, moves to slightly positive, and then
117 negative again. This is about a zero net change in position. Revenues are slightly higher and
118 expenses are about equal. Impact fees are in the non-operating revenues. Operating revenues are
119 predominantly selling electricity to customers along with some connection charges and a few
120 miscellaneous charges. Operating expenses go down from 2016 to 2017 because of a new coal
121 contract but then begin to go up with inflation and growth. Purchase power and transmission
122 expenses are the bills paid by the city to secure power to serve customers. The cost of sales and
123 service come from the city's audit. There are many sources of power to serve customers. Exhibit 3-
124 A, Functional Unbundling, details the various expenses. In 2015, which is the test year, the city
125 purchased \$7,930,889 in power. The total expense of operating the system is around 12 million per
126 year. The total revenue requirement for 2015 was 12.4 million.

127
128 Tables 2-4 and 2-5 are cash reconciliations for regular reserves and impact fee reserves. Cash grows
129 slightly moving forward from 1.4 million to about 2 million. This is not excessive reserves at all for
130 a utility this size. Impact fees show fairly significant capital improvement projects in 2017 and
131 2019. The need for these projects is driven by growth. Without the growth, they could be delayed.
132 Growth would also offset the balance. The bottom line is there isn't an immediate need for a rate
133 increase. However the reserves are not overly healthy.

134
135 Ron Crump stated that impact fees will not cover all the needed improvements but a substantial
136 part. It is very close.

137
138 Dave Berg stated he has completed several studies with surrounding cities. Compared to other
139 cities, Payson in general is in good shape because a big rate increase is not needed. He does have
140 some suggestions on rate design.

141
142 Table 3-3 compares the cost of service on a percentage basis for each class. Cost of service is not an
143 exact science so anything reasonably close is in good shape. When revenue is close to cost, it is
144 very good. A residential customer is more expensive to serve than a commercial customer. Small

145 commercial customers are paying too much compared to the cost to serve them. Large commercial
146 customers are paying are paying slightly more than the cost to serve them.

147
148 Doug Berg reviewed the utility annual rates handout and made the following suggestions. Note
149 energy charge blocks are designed to encourage conservation.

- 150 • Residential and Residential All-Electric Rate 103 – The \$10 customer charge is a good level.
151 The number of energy charge blocks should be reduced from five to two or three with a
152 wider differential. This will not change the overall revenue.
- 153 • General Service Rate 104 (no kW) - These are small commercial businesses who don't use
154 much more than a residential customer. There should be a lower customer charge and a
155 single energy rate for this class.
- 156 • General Service Rate 105 (Demand) - Demand suggests having only two blocks; keep the
157 first block and combine blocks two and three. The demand charge is too low and energy
158 charges too high. Revenue then wouldn't change.
- 159 • General Service Industrial 2 Rate 106 and 1 Rate 107 – These energy rates should be lower
160 with a higher demand charge.
- 161 • Government Facilities Rate 199 – This is a lower rate overall for city buildings, facilities,
162 etc.
- 163 • Residential Net Metering Rate 108 – This category are those customers using solar.
164 Currently customers get a one for one credit for all the power generated by their system at
165 the full retail price of electricity. In Utah only Rocky Mountain Power is legally obligated to
166 handle it this way. Many cities are looking at potential alternatives to handle net metering.
167 One option is to put all local expenses of the system in the customer charge. The second
168 option is a full demand charge like the commercial customers. A demand charge is a
169 different kind of metering. A third option is a system access charge that is a fixed charge per
170 month to pay for the local distribution system. This still uses net metering but there is an
171 access charge. A fourth option is a minimum bill provision, but it doesn't generate any
172 revenue, which he doesn't recommend. The fifth option is a full feed tariff where the
173 customer only gets a cost for what they over generate. He suggested uniting with other
174 communities to create an access fee that is adopted by the state of Utah.

175
176 There will be a section 4 of the report that will include recommendations and some rate
177 comparisons as well as neighboring comparisons. This will be the next step.

178
179 E. PUBLIC HEARINGS/ACTION ITEMS

- 180 1. Ordinance – Budget Amendment for Fiscal Year 2017 (7:35 p.m.)

181
182 **MOTION: Councilmember Phillips – To go into the public hearing.** Motion seconded by
183 Councilmember Hardy. Those voting yes: Linda Carter, Mike Hardy, Brian Hulet, Scott Phillips.
184 The motion carried.

185
186 Staff Presentation:

187 Sara Hubbs reported that most of the items are carryovers from fiscal year 2016 to fiscal year 2017
188 projects. The truth in taxation funds will be used to pave the library parking lot first and the
189 administration building parking lot second.

190
191 Public Comment:

192 No comments.

193
194 **MOTION: Councilmember Phillips – To close the public hearing.** Motion seconded by
195 Councilmember Hardy. Those voting yes: Linda Carter, Mike Hardy, Brian Hulet, Scott Phillips.
196 The motion carried.

197
198 **MOTION: Councilmember Hardy – To approve the budget amendments as proposed.** Motion
199 seconded by Councilmember Carter. Those voting yes: Linda Carter, Mike Hardy, Brian Hulet,
200 Scott Phillips. The motion carried.

201
202 F. RESOLUTIONS, ORDINANCES, AGREEMENTS (7:40 p.m.)

203 1. Resolution – Approving Board Member to the Economic Development Board

204
205 Councilmember Hulet reported that Kris Phillips is the owner of the Stadium Cinemas. The
206 Economic Development Board voted her to be on the committee.

207
208 **MOTION: Councilmember Hardy – To approve a resolution for Kris Phillips to be a member**
209 **of the Economic Development Board.** Motion seconded by Councilmember Phillips. Those voting
210 yes: Linda Carter, Mike Hardy, Brian Hulet, Scott Phillips. The motion carried.

211
212 2. Resolution – Amendments to the Fee Schedule for the Solid Waste Department

213
214 Staff Presentation:
215 Dave Tuckett reported that over the last couple years, Utah County has held two, home hazardous
216 waste events each year. Previously the cost was covered by the county. The county adopted an
217 ordinance that now all the cities have to pay \$1 per ton of municipal waste effective July 2016. Staff
218 is proposing to amend the solid waste fees. Residential will go from \$10.86 to \$12.02 to cover the
219 cost of the waste. There is also an increase for each size of commercial container.

220
221 **MOTION: Councilmember Hulet – To adopt a resolution amending the fee schedule for the**
222 **Solid Waste Department as outlined.** Motion seconded by Councilmember Hardy. Those voting
223 yes: Linda Carter, Mike Hardy, Brian Hulet, Scott Phillips. The motion carried.

224
225 G. ADJOURNMENT TO CLOSED SESSION

226 1. Discussion Regarding Property Sale and/or Purchase

227
228 **MOTION: Councilmember Hulet – To go into closed session.** Motion seconded by
229 Councilmember Hardy. Those voting yes: Linda Carter, Mike Hardy, Brian Hulet, Scott Phillips.
230 The motion carried.

231
232 (Councilmember Welton present at 7:50 p.m.)

233
234 **MOTION: Councilmember Hardy – To adjourn the closed session.** Motion seconded by
235 Councilmember Welton. Those voting yes: Linda Carter, Mike Hardy, Scott Phillips, Doug Welton.
236 The motion carried. (8:03 p.m.)

237
238 **MOTION: Councilmember Carter – To go back into the City Council Meeting.** Motion
239 seconded by Councilmember Phillips. Those voting yes: Linda Carter, Mike Hardy, Scott Phillips,
240 Doug Welton. The motion carried.

241
242 (Brian Hulet returned.)
243
244 **MOTION: Councilmember Hardy – To adjourn the council meeting and open the work**
245 **session.** Motion seconded by Councilmember Phillips. Those voting yes: Linda Carter, Mike Hardy,
246 Brian Hulet, Scott Phillips, Doug Welton. The motion carried.

247
248 H. WORK SESSION (8:05 p.m.)

249 1. Proposal by Patterson Construction for a Senior Living Development at Approximately 800
250 South and 500 West

251
252 Staff Presentation:

253 Jill Spencer reported Patterson Construction is proposing a senior living development near 800
254 South and 500 West. The project size is just over 13 acres. It is a senior living community to include
255 independent living units, assisted and memory care living, and active adult housing units. There is a
256 potential partnership with the city to construct a new facility for the Payson City Senior Citizen
257 Program. There are many details to work out if that is the direction of the city council. Some
258 rezoning and ordinance amendments will be needed.

259
260 Developer Presentation:

261 Ross Welch presented and explained the conceptual layout. He feels there is a need in the Payson
262 community for this type of development. Patterson Construction will do a study to ensure there is a
263 need, which is required in order to get financing in place. The concept shows 120 units in a two-
264 story complex in a six-acre area. The plan is to phase the project. The memory care is on the main
265 floor and assisted living on the top floor. The main building floor plans are studios with about 650
266 square feet. The 55+ units are about 1,400 square feet on the main. The senior citizen facility would
267 be on city property with a cross-access agreement for use with their basement. The building is about
268 6,000 square feet. He would build the senior citizen center. He would like to work out an
269 arrangement in exchange for things like snow removal. This is a conceptual plan and the cost has
270 not been factored into everything.

271
272 Jill Spencer stated that Commissioner Warner emailed her stating he is happy to see the land
273 developed. It is generous of Patterson Construction to build the senior center. He questioned
274 whether the city would be able to support the building and grounds. He questioned whether the
275 senior center will be large enough for the future. The twin homes on the south are on prime real
276 estate that could be used for executive housing because of the elevations.

277
278 Council Discussion:

279 Mayor Moore stated there is a real fine line on what is used as far as their facility and what is used
280 as far as the city facility and how that would be split as far as snow removal, wear and tear on
281 building, etc. He wants a clear picture. He likes the partnership. It needs a hard line on where the
282 city takes over and where Patterson takes over.

283
284 Councilmember Hulet likes the concept. He is concerned about losing space for office buildings
285 along 800 South.

286
287 I. ADJOURNMENT

288

289 **MOTION: Councilmember Phillips – To adjourn the meeting.** Motion seconded by
290 Councilmember Carter. Those voting yes: Linda Carter, Mike Hardy, Brian Hulet, Scott Phillips,
291 Doug Welton. The motion carried.

292
293 The meeting adjourned at 8:50 p.m.

294
295
296
297
298 _____
Kim E. Holindrake, Deputy City Recorder

DRAFT