

Minutes of the Payson City Council Work Session held Saturday, April 26, 2014 at 10:00 a.m.

ROLL CALL: Mayor Rick Moore (entered the meeting at 10: 25 a.m.); Councilmembers: JoLynn Ford, Councilmember Hancock (entered the meeting at 11:25 a.m. and left again at 12:25 p.m.), Mike Hardy, Scott Phillips, and Larry Skinner; City Manager Dave Tuckett, City Attorney Mark Sorensen, City Recorder Jeanette C. Wineteer..

MOTION by Councilmember Phillips to appoint Councilman Skinner as Mayor Pro-tem. Motion seconded by Councilmember Ford. Motion carries.

Mayor Pro-tem Skinner presiding.

PRAYER AND PLEDGE OF ALLEGIANCE

Prayer offered by City Manager Tuckett and Pledge of Allegiance led by Attorney Mark Sorensen.

DISCUSSION REGARDING UTOPIA

Mayor Moore entered the meeting at 10:25 a.m. and presided over the rest of the meeting.

Laura Lewis representing UTOPIA was introduced.

She diagrammed the financial structure of UTOPIA, and explained the “swap” concept and why it is not in our favor at this point but if interest rates go up it could be.

For example, she explained that along with the \$70M swap UTOPIA Debt is approximately \$185M and Assets equal approximately \$125M to pay the swap. So if it were sold right now, there would still be approximately \$145M debt with no assets. Therefore now is not the time to sell UTOPIA.

The sale of iProvo was discussed.

She said there was no room for UTOPIA to borrow any more money.

Then UIA was formed (although Payson is not part of that), UIA is paying its debt and operational expenses but UTOPIA is not.

If UTOPIA goes dark, it is unknown how big the amount of debt would be (litigation, contractual obligations, etc.)

You cannot stop paying the UTOPIA obligation, because when the bonds were first obtained, part of the contract allows the Trustee of the bonds to enforce the payment of that. Therefore they could take the money that would normally go to your entity to pay the bond payments.

If one of the cities stopped paying, it is perceived that the other 10 cities would have to make up that obligation. But no, the debt is not structured that way. Each city has to pay their own portion of the debt.

The possibility of a Public/Private partnership was discussed. Examples of payment structures were given including utility fees, assessment fees, or voluntary assessments, etc.

Councilmember Ford said that we pay our annual assessment, but wondered how much more it would cost to do the Public/Private option.

Ms. Lewis explained that Payson still has the \$260K of Sales Tax obligation, so if the City decided to participate, by contract (30 year) they would be required to put fiber utility to the outside of every home, and we would charge a \$20 fee per household which increases by CPI every year.

Councilmember Hancock entered the meeting at 11:25 a.m.

Once this is complete the households would have fiber to their home, then they would call one of the 16 or so providers to hook you up for free and receive 3MG per second upload/download with a cap of 20 GB per month. However they can increase this with the provider. She explained that some portion of the charge the provider charges for this “upsell” would go back to pay on the UTOPIA debt.

She said that UTOPIA has approximately 25% take rate at this time, however it is assumed once everything is fully built out that the upsell will at least be 25% take rate.

Councilmember Hancock wondered if there would be a separate package for commercial and Ms. Lewis understands the service level would be the same, but it could be negotiated with the provider.

Council thanked Ms. Lewis for helping them understand and felt that she explained this better than anything they have heard in the past.

Attorney Sorenson presented a schedule of future UTOPIA/UIA meetings and feels it is very important to attend one of these.

BREAK

Council took a break and reconvened at 12:25 p.m. Councilmember Hancock left the meeting at that time also.

WORK SESSION – BUDGET

Manager Tuckett stated that the Council must accept a tentative budget on May 7th (the first meeting in May) and formally adopted by June 22nd. We have implemented some changes in the budget, which includes indirect cost of services (Administration, Council, Legal, Engineering, etc.) and utilities. We have also included a CPI increase for utilities and additional transfers from some of the Enterprise Funds to the General Fund.

He presented the spreadsheet and it was explained how we came up with the Indirect Service Costs and the amounts we charged each fund for those. He also explained the 1.5% CPI increase and that it would raise the average utility bill by \$2.59 per month. He presented some scenarios that would change the percentage increases to equal approximately the same revenue amount, which he might propose.

Discussion was held regarding comparisons received for city bills, complaints from a utility customer about our rates, and property tax.

Manager Tuckett mentioned holding a Truth in Taxation hearing, and possibly doing this every year.

Discussion was held regarding the new storm drain requirements and Councilmember Phillips wondered if a new employee is really needed because we don't have a full blown storm drain system. He suggested sharing an employee with another city or combining the duties with another position in the city. Public Works Director Jockumsen felt it could be a full time job but didn't know if it was yet in our situation.

Discussion was held regarding promoting the sale of the Four-bay property.

Manager Tuckett explained that we have been working on a salary scale but nothing is included in this budget. He presented and explained the cuts from what was submitted in the department budgets and said he would email this explanation to the Mayor and Council as well as the Superintendents. Mayor Moore wondered about the Wildland fire income and what has not been spent.

MOTION by Councilmember Phillips to increase the revolving loan fund, implement a CPI, look in the future of holding Truth in Taxation, also look at working it out how to put the golf course in the General Fund, and look at holding off on the fire engine for another year. Motion seconded by Councilmember Hardy. Motion carries.

ADJOURNMENT

MOTION by Councilmember Ford to adjourn. Motion seconded by Councilmember Skinner. Motion carries.

Council adjourned at 2:00 p.m.