

June 4, 2014 City Council Minutes

Minutes of the Payson City Council Meeting held at the Payson City Center, 439 West Utah Avenue, Payson, Utah on Wednesday, June 4, 2014 at 6:00 p.m.

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

Mayor Rick Moore presiding.

PRAYER & PLEDGE OF ALLEGIANCE

Prayer offered by Jacob Nelson and Pledge of Allegiance led by Braden Thurgood, both scouts in attendance.

CONSENT AGENDA

MOTION by Councilmember Hardy to approve the Consent Agenda consisting of approval of May 21, 2014 City Council Minutes. Motion seconded by Councilmember Phillips. Motion carries.

PUBLIC FORUM

Scott Spackman noted that the new LED street lights by his house (614 E. 850 S.) are very bright and shine right into his home and wondered if they could be tilted a little so it is not right at his home. Manger Tuckett will have Superintendent Crump look at the lights in this area.

Greg Stevenson said about three weeks ago the vehicles in his neighborhood along 800 S. in the older subdivision, got broken into all the way up the street. They reported it and were told an officer would be down, they waited two hours and then were called and an officer took a report over the phone. Some of his neighbors even had weapons stolen, and they feel an officer should have been on scene. He said he has lived in his home 22 years and has never seen an officer in his neighborhood. Chief Runyan will follow up on this.

COUNCIL AND STAFF REPORTS

Recreation Director Karl Teemant reported:

- Eagle Project completed at the Peteetneet in the dance room - finished the floor and added cubby's for shoes.
- The next Eagle Project to come will be in the Peteetneet area also and will be fencing to match what has been done previously.
- Swim lessons have begun and we have quite a few participants.
- June 18th we will be hosting Regional State Hershey Track Meet up to 900 participants.
- The Pool is still leaking and we are losing about 16-18K gallons a day (4-5 gallons per minute). We are still testing to see where the leak is and will possibly isolate pipe in some areas to try to pinpoint the leak.

Chief Spencer reported:

- Eagle Scout project was completed by checking an area of the community for smoke alarms and donated batteries and detectors.
- Another Eagle Scout project "Preparedness Fair" will be held this Saturday from 9:00 a.m. – 5:00 p.m. at Memorial Park.
- The ADO test was completed last week, which is an 80 hour class.

Attorney Sorenson reminded everyone of the Peteetneet Concert will be held Saturday at 5:30, tickets are available at the City Offices, Banks, etc. and also at the door.

Personnel Coordinator Dora Edvalson presented employee service awards to:

- Chief Tom Runyan (Police Department) – 30 years
- Kirk King (Power Plant) – 20 years
- Pam Spackman (Library) – 10 years

Councilmember Hardy reminded everyone of the "Shop Payson Expo" that will be held June 21 in the Walmart parking lot.

Councilmember Ford thanked everyone for attending tonight.

Councilmember Hancock agreed and also thanked everyone that has called him about certain issues this week.

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Councilmember Phillips reported that some of the trip hazards have been fixed on Main Street and felt the Council needs to tour that area. Crews are also actively starting to pave.

Mayor Moore is very impressed with how the park looks and thanked everyone involved in getting the lighting, sprinklers, grass, etc. completed. Also the Peteetneet looks good and is ready for the concert.

Public Works Director Travis Jockumsen reported that staff toured Payson lakes: Pete Winward Lake is completely full, the rest aren't quite as full. The snow is all gone and has been for a while. We do need to monitor water usage.

SCOUT ATTENDANCE CERTIFICATES

Councilmember Skinner presented attendance certificates to scouts in attendance: Brayden Thurgood, Cameron Atwater, Jacob Nelson, Slade Jacobsen, Samuel Woolsey, David Lott, Brandon Thomas, Caden Johnson, Cody Mecham, William Thurgood, and Caleb Ottosen.

CHAMBER OF COMMERCE BUSINESS OF THE MONTH

Rory Adams with Payson Chamber of Commerce recognized Dennis Dixon and presented the Business of the Month Award for June 2014 to Dixon Meat.

PUBLIC HEARING – ORLO LARSON ANNEXATION, ORDINANCE AND ANNEXATION AGREEMENT MOTION by Councilmember Ford to open the public hearing to receive public input regarding the Orlo Larson Annexation. Motion seconded by Councilmember Hardy. Motion carries.

Public Hearing opened at 6:38 p.m.

Planner Spencer presented the following staff report:

Background

The proposed Orlo Larson Annexation is located east of Interstate 15 generally between 1550 South (11500 South, Utah County coordinate system) and 2000 South (12000 South, Utah County coordinate system), and between 1100 West (4000 West, Utah County coordinate system) and 1400 West (4400 West, Utah County coordinate system). The proposed annexation includes approximately sixty one (61) acres and the property is currently utilized for residential uses and small agriculture operations.

The proposed annexation has been pending for quite some time. The annexation petition was filed on November 17, 2008 and the petition was accepted for further review by the City Council on March 4, 2009. Since that time, the annexation has been delayed for a number of reasons, including the proposed Spring Lake incorporation request, a protest filed by South Utah Valley Electric Service District, the need to finalize the South Meadows Annexation, discussions with Santaquin City regarding growth boundaries, requests by the members of the Orlo B. Larson Revocable Trust to complete various land transactions prior to annexation, and the preparation of the annexation agreement. These issues have been resolved and the annexation sponsor has requested a final decision on the proposed annexation.

The annexation process requires action by the Planning Commission and City Council. The Planning Commission reviewed the request at a public meeting on June 8, 2011 and their recommendation is included in the recommendation portion of this staff report. The City Council will need to conduct a public hearing before a final decision is made regarding the proposed annexation. The public hearing has been properly noticed and courtesy notices have been mailed to the appropriate property owners.

Analysis

Annexation is a complex and extremely important issue for any municipality. Extension of the municipal boundaries should only be completed when it can be clearly shown that including the property in the City will be a benefit to the community. These benefits are measured in many ways including fiscal considerations, ensuring consistency of land use goals and realization of the General Plan, and many other factors.

Recognizing that a majority of the annexation area will continue to be used for agricultural purposes for some time following annexation, it is unnecessary to complete a comprehensive review of the property at this time. The scope and timing of the land use and infrastructure studies will be addressed in the annexation agreement for the proposed Orlo Larson Annexation. Additional studies will need to be conducted prior to future development within the annexation area. It should be noted that

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no requirements of annexation are being waived, but rather delayed until the future development pattern of the property has been identified.

For the purposes of this petition, staff has determined that it would be appropriate for the City Council to formulate a decision based on a review of any qualified protests, existing land uses, and determination of the appropriate zoning designation with all other annexation requirements addressed prior to development approval for any portion of the property in the proposed annexation. The outstanding items will be included in an annexation agreement which will identify the delayed items and clarify the responsibilities of the property owners and Payson City in relation to the annexation. Staff is primarily concerned about traffic circulation, the provision of wastewater service, and other municipal infrastructure systems in the annexation area. Development of the property must be consistent with the provisions of the South Meadows specific plan and solutions will need to be identified to ensure municipal services are installed and available for future development.

Qualified Protests

A thirty (30) day protest period for affected entities is required in §10-2-407 of Utah Code. During the protest period, an opposition letter was submitted by South Utah Valley Electric Service District (dba SESD) on June 14, 2010 which interrupted the annexation process. Through an Interlocal Agreement, Payson City and South Utah Valley Electric Service District established "service areas" for each power company and the protest was rescinded on March 24, 2011. As a result, there are no qualified protests associated with the proposed annexation.

Existing Land Uses

There are two (2) single family dwellings, agricultural support buildings, and various animal rights on the property included in the proposed annexation. These uses may continue following annexation as outlined in the annexation agreement. Furthermore, there are no outstanding development applications or approvals in Utah County. Following annexation, additional development will need to be consistent with the zoning district and the adopted development ordinances of Payson City.

Zoning Designation

In accordance with Section 19.12.2 of Title 19, Zoning Ordinance, all annexation petitions should be consistent with the Payson City General Plan. As currently adopted, the Payson City General Plan indicates a low residential density (.2 – 1 dwelling unit per acre) land use designation for the area proposed for annexation. Staff is proposing an A-5-H, Annexation Holding Zone designation, which is consistent with the General Plan. This zoning district would provide the flexibility for all landowners in the annexation area to utilize their property, whether for agricultural purposes or development purposes. Preparation of the required land use and infrastructure analyses would be required before additional development occurred on the property.

Annexation Agreement

Typically, annexation petitions filed with Payson City are accompanied by an annexation agreement which clarifies the responsibilities of the annexation sponsor and the City in relation to the proposed annexation. In this instance, the annexation agreement will include the provisions for existing land uses and zoning designation as described above along with the outstanding requirements of annexation that will be completed prior to development approval for any portion of the property included in the proposed annexation. At the request of the owners of property in the proposed annexation, the agreement will protect existing agricultural operations and indicate how the newly annexed property will receive utility services.

Placing the complex details of annexation aside, the request of the City Council is rather simple; will the proposed annexation benefit Payson City? Because annexation is such an important issue, the City Council may require additional information to make a well-informed decision. Because annexation is a purely legislative act, the requests for information need not be included in the development ordinances of the City. At the annexation stage, the City Council may request information about any reasonable issue and include conditions to address any reasonable concern.

On June 8, 2011, the Planning Commission recommended approval of the Orlo Larson Annexation with a zoning designation of A-5-H, Annexation Holding Zone finding that there are inherent advantages of having this property within the municipal boundaries of Payson.

Discussion was held regarding growth boundaries.

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Marty Larson said he grew up on the parcel and has always felt a part of Payson. His father just passed away and wanted this annexed with his home included the annexation also. He still wants to farm. He wants to transfer the water rights at the onset to have that taken care of.

Receiving no public input MOTION by Councilmember Hardy to close the public hearing. Motion seconded by Councilmember Phillips. Motion carries.

Public hearing closed at 6:50 p.m.

MOTION by Councilmember Hancock to approve the Orlo Larson Annexation with the A-5-H zoning designation, but postpone the approval of the annexation agreement until next Council Meeting. Motion seconded by Councilmember Ford. Voting aye: Councilmembers: Ford, Hancock, Hardy, Phillips, and Skinner. Motion carries.

Planner Spencer will have the Ordinance and Annexation Agreement for the Consent Agenda at the next Council Meeting.

PUBLIC HEARING – PROPOSED FY 2014-2015 BUDGET

MOTION by Councilmember Skinner to open the public hearing regarding the proposed FY 2014-2015 Municipal Budget and FY 2014-2015 Redevelopment Agency Budget. Motion seconded by Councilmember Phillips. Motion carries.

Public hearing opened at 6:52 p.m.

Manager Tuckett presented the proposed 2014-15 Fiscal City Budget and said that the budget balances. He would like to address adding some things and projects probably after the end of the year depending on the cash balances at the end of the year with a budget amendment at that time.

He then explained some of the high lights in the proposed budget and changes from the tentative budget that was adopted on May 7th as follows:

We implemented a cost of service for each department to pay for the administrative services as well as the cost of utilities. This is a big change for Payson, but it is necessary.

We are also proposing the following transfers from the following enterprise funds to the general fund. We placed the public notice in the city newsletter stating that we are proposing to make the following transfers:

Water Department	7.75%	\$1,120,030
Solid Waste Department	8.30%	\$ 130,343
Electric Department	9.00%	\$ 124,160
Sewer Department	6.20%	\$ 194,817
Ambulance	8.00 %	\$ 34,000

We are proposing at 1.5% utility increase based upon the Consumer Price Index.

The Utah State Retirement assessment increased to 18.3% Payson City has been paying 17.9% since before I started working for the city. This is the first time it has cost us more than 17.9%.

Our medical benefits increased 7.2%. We have had more employees go to the medi-stipend, which has helped the cost. We have also had some employees that had to come back to the city insurance based on a change in family status (divorce, loss of job of spouse, etc.).

There is a proposed \$.30 wage increase for the employees. We could not make the budget balance with a \$.50 increase.

There is one new employee proposed in the Storm Drain Department. We have also made some changes in the budget to incorporate the Treasurer's duties through some existing employees, therefore removing a full time position and add a couple of new part-time employees.

Workman Compensation premium increased slightly. However, we were able to increase our insurance liability limit from 3 million to 5 million without an increase in premium.

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We are proposing that the city council appropriate \$200,000 to the City Revolving Loan Fund. This would allow us to purchase the following vehicles and equipment:

2014 Firetruck	\$549,000
2015 Golf Course Equipment	\$ 76,200
2015 Front Load Garbage Truck	\$180,000
2015 ½ ton pickup for storm drain	\$ 21,610
2015 ½ ton pickup for electrical	\$ 21,868
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We placed \$165,000 from the EDA fund balance in the budget to complete the issue with Dr. Robert Clark and the EDA tax increment issue.

We placed \$172,500 from water fund balance as carry over for the projects that have not been completed. We needed to use some of the money from the Patterson Water line installation for the lower pond water pumps and pump house. We had approximately 125,000 for the project. The lowest bid came in at \$203,000. We needed an additional \$85,000 for the well drilling project by the golf course. The original bid came in much higher than expected, so we will be placing it out for bid in the next month or so. We will close that project out this month but the Patterson project will need to be paid out of the next budget.

We increased the projected water department revenue based upon actual revenue collected this past year.

We used additional impact fees to make some of the bond payments.

Mayor Moore then opened the meeting for public comment.

Steve Hanson said there is and has been about 18% retirement for years and with the increased costs of health benefits, etc. the school districts have had to look at their retirements. He suggested the city should hire any new hires at a lesser retirement rate, with existing employees being kept the same; maybe look at health benefits also. Having said that he appreciates everything all employees do.

Manager Tuckett explained that the State has already made those changes and employees hired after 2011 are on a different retirement than existing employees.

Receiving no further input MOTION by Councilmember Hardy to close the public hearing. Motion seconded by Councilmember Skinner. Motion carries.

Public hearing closed at 7:15 p.m.

MOTION by Councilmember Ford to approve the budget as presented. Motion seconded by Councilmember Hardy.

Councilmember Skinner agreed that we need to put some additional thought into employee benefits.

Voting aye: Councilmembers: Ford, Hancock, Hardy, Phillips, and Skinner. Motion carries.

Manager Tuckett explained that he will have a resolution prepared for the Consent Agenda at the next meeting to formally adopt the budget, along with a fee schedule to approve the suggested fee changes, etc.

LAND TRANSACTION AGREEMENT – IMPROVEMENTS OF LOT BY THE GOLF COURSE & USE OF BUILDING

Attorney Sorenson presented and explained the terms of the Land Transaction Agreement between the City of Payson and the Calls (Ben and Kendall) regarding the Call property and the City property in the Haskell development in Elk Ridge. If there is no discussion, he said that this can also be placed on next Council Meeting's Consent Agenda for approval.

UTOPIA DISCUSSION

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Mayor Moore explained that there will be no decision made tonight, this is a fact-finding meeting. Manager Tuckett said that the information was given to the public that this discussion would be held, so if there are any questions you have for those in attendance from West Valley, Utopia, or McQuary citizens will have the opportunity to ask those questions.

Duncan Ramage from McQuary explained that they have been looking at the UTOPIA situation for about a year and with some innovative thinking approached them with their ideas. McQuary is an infrastructure investor across the United States and have a lot in the Public Private Partnership space. They feel the biggest issue missing is more capital, and has not created enough competitive market. We believe that to make the most of the asset is to build it to scale. UTOPIA does not cover its operating expenses or its debt service, and to continue the build out would be an additional \$3-\$4 million. McQuary is proposing a 30 year PPP and build it all out and make sure it is functioning and performing. To finance that the model requires a utility fee, which is purely the cost of building it out, etc. \$18-20 per single family homes, double that for commercial. For the approximate \$20, residents would be able to receive basic internet service, with the capability to purchase additional or premium services and a share of that amount paid for additional service would go back to the City. The operating debt will be assumed immediately by McQuary and the City will receive a share of every dollar for every upgrade. Customers won't be charged until they have the opportunity to connect (when the fiber is at the home), approximately 6 months.

Mr. Ramage clarified that existing UTOPIA customers would be rolled in and where they currently pay \$12 a month to UTOPIA, it would be replaced with the utility fee. For those that paid up front \$2700 that would be rebated.

He said it would be up to the city about the indigent. The model is calculated with every household being charged.

Mayor Moore said we all know fiber is what we need, but the problem is how can we charge all residents \$20 even if they are on a fixed income, so the concern is how to come up with the money for the indigent.

Mr. Ramage said to look at all the revenues you would make from premium services to help cover the indigent.

Steve Hanson argued that the same promises were made 30 years ago that the city would get to share in the revenues. Older people don't even own a computer, he is not in favor of this proposal and doesn't like what happened when he was on the council.

A citizen in the audience stated that she understands that every citizen that owns a home will be charged \$20 a month and wondered why she would have to pay for something she doesn't use.

Another citizen said that if you pay \$20 a month for this service, and have the phone service and pay \$40 for phone you save money.

Mr. Ramage agreed that some people don't use anything, but most people have a landline, cable, or internet and with this most people would save on those things.

He also stated that UTOPIA has not been run affectively, the risk on delivery will be McQuary's, the risk that it will be operated correctly is also their risk. He explained the instance in the case of Google in Provo and why this is better.

Councilmember Hancock understands an open network, and the number of vendors that would be available.

Attorney Sorenson stated that Mildred Olsen called in and wanted to go on record that she is against this.

Councilmember Ford thanked those in attendance tonight for explaining things to the citizens.

Steven Whitehead was really enthused about UTOPIA and what it will do for the city: fiber to city offices, schools, etc. He believes it will really reduce the cost to the residents, really they are probably already paying \$40 for landline and can reduce the phone bill by \$15 by going to internet phone. He feels it has very positive benefits.

Pete Ashtown has owned and operated Xmission for 20 years and has attended a lot of the UTOPIA discussions throughout all of the cities. He presented a one sheet of fiber facts that he made available for everyone in attendance.

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Maureen Staheli is concerned because she doesn't want her city telling her what services she has to have. If she wants Comcast she can have it, she used to have UTOPIA when it first came in and hated it. The city doesn't mandate what kind of toilet paper she has to use because someone from a toilet paper company comes in and gives the city \$1million.

Mayor Moore said that if UTOPIA goes dark, there are contracts out there that could involve law suits.

Steve Hanson doesn't like being threatened by a law suit, and the City Attorney's job is to defend the city. He read an article that was in the Deseret News and McQuary isn't the only entity interested, First Digital is also interested. He didn't know fiber optic was available in Payson other than UTOPIA and there is. If this is going to happen can it not be put before a vote of the people.

Don Hely said he just got rid of his satellite TV and has had UTOPIA since 2006 through Xmission and is very happy. He wondered how it would affect him. He is in agreement that he doesn't want to be dictated to, but understands there will be money derived from the ISP's to defray costs. He does have some reservations about a PPP but might like to see other players in the game.

Mr. Ashtown thanked Mr. Hely for using his service. He wants to look at it from the customer perspective. He does not know the wholesale model yet so cannot commit, but is shooting to keep it as close as he can get to the existing price.

Mr. Ramage explained that there is a predevelopment agreement in December which outlined 4 steps to the process. This is step 1, with step 2 we will have specific answers of what the sharing mechanisms will be. Their return on equity will be about 13%

Councilmember Ford explained that the \$20 will go directly to UTOPIA to pay off the debt, and anything above the \$20 a percentage will come back to the City. We have about 5500 residences in Payson, which equates to about \$1.3 per year that we have to pay back to UTOPIA for the debt.

Mr. Ramage doesn't feel it will be a gamble for the cities, because it will be built out.

Councilmember Skinner said he has talked to a few Legislators and wondered if this is even a utility, so he wondered what would happen if they say it can be a utility.

Mr. Ramage understands that we will need to determine that before close. The current analysis is that it will be viewed as a utility similar to garbage collection. If it is determined it is a utility it would have to be unraveled. It would be something we would clarify in step 2.

Councilmember Hardy wondered about the ability to manage our own budget because of the CPI that is included.

Wayne Pyle, West Valley's City Manager said that West Valley has made the decision to go to Milestone 2, and we all know there is a cost of inflation that you have to deal with every year. The amount we are negotiating for the escalator is 2.5%, an average of where historical rates usually are although we have seen higher inflation rates.

Councilmember Ford wondered if there was any negotiation regarding competition coming in and the possibility of an offer for another product at a lower price.

Councilmember Hardy wondered what happens to the existing customers in Payson if we don't move on.

Councilmember Hanson asked West Valley if they met with 1st Digital Telecom, and if Payson would get to see that proposal. Mr. Pyle explained that they have met with 1st Digital, but they don't want to share their proposal openly yet. West Valley has heard their proposal and chose to go with McQuary. Attorney Sorenson stated that Payson now has that proposal to look at but they don't want it to go public.

Mr. Pyle felt that West Valley was in the same exact position as Payson only worse. Payson was built 30% and West Valley was only 16%, and the pledge debt position for West Valley is greater and Payson's is less as per portion to what was built out.

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Councilmember Ford explained we have more Fiber ran because of an Urban grant that UTOPIA received. She clarified that if we decide to go on to step 2 that it doesn't bind us to anything beyond the costs of the proposal.

Manager Tuckett clarified that it is based on the percentage of the city's pledge.

Charlie Thompson thought this might be an impossible thing to convince 11 cities. His feeling is that nobody trusts anybody. He didn't know what any of these acronyms mean, and didn't think you could convince the citizens of anything when it is all so confusing.

Nicole Stevenson works in IT and she said you have ISP's you have phone companies and you have TV providers. The concept is great, but not one person has been able to step up and do all three of those things, internet, tv and phone with a good service.

Mayor Moore wanted to wrap this discussion up and Councilmember Skinner clarified that he voted against UTOPIA originally.

Mr. Rampage said it has been a battle for everyone, he understands. We have cities outside of Utah interested in the model. We are just trying to find a solution in a situation and willing to put a lot of money into it to make it work. If we don't use the utility fee and build it like that it doesn't work for them. We are open book and it is all cost based.

Councilmember Hardy appreciates what we have heard and the feedback, so if any resident wants to talk to them to please email the Council.

ADJOURNMENT TO CLOSED SESSION

MOTION by Councilmember Ford to adjourn to closed session to discuss land acquisition. Motion seconded by Councilmember Phillips. Motion carries.

Council adjourned at 9:10 p.m.

RECONVENE & ADJOURNMENT

Council reconvened at 9:30 p.m.

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

Council adjourned at 9:33 p.m.