
Minutes
Workshop Meeting
February 10, 2015

Attendance: Mayor Kenneth Neilson, Councilmen Garth Nisson, Thad Seegmiller, Kress Staheli, Ronald Truman, Jeff Turek, City Manager Roger Carter, City Attorney Jeff Starkey, Public Works Director Mike Shaw, Power Director Kelly Carlson, Police Chief Jim Keith, IT Assistant Kelly L Carlson, Admin. Services Manager Kimberly Ruesch, City Recorder Danice Bulloch, Kimberly Ruesch, Audience: Braden Hancock, David W Jones, Riley Jones, Bill Hudson, Dustin Hancock, Nicole H Warner, Morris Peacock, Bryson Despain, Katie Gomm, Darlene Miller, Katherine Staheli, Phyllis Hollingsworth, Evelyn Worthington, Sherrie L. Reeder, Patricia A Robling, Ferrel Merkley, Jerold Turner, Paul Tobler, Terri Tobler, Dwight Iverson, Carma Iverson, Janise Everett, Aneita F. Millett, Carol Seegmiller, Philip Lee, Roxie Lee, Jethro Spencer, Kevin Smith, Heather Smith, Emma Josey, Nick Lanners, Jessie Hall, Rex Torgenson, Matt Ence, Ben Willits, Mori Kessler, Pen Smith, Derk Iverson, Jack Taylor

Meeting Commenced at 6:00 p.m.

1. Approval of the Agenda.

Councilman Truman made a motion to approve the agenda. Councilman Seegmiller seconded the motion; which passed with the following roll call vote:

<i>Councilman Nisson</i>	<i>Aye</i>
<i>Councilman Seegmiller</i>	<i>Aye</i>
<i>Councilman Staheli</i>	<i>Aye</i>
<i>Councilman Truman</i>	<i>Aye</i>
<i>Councilman Turek</i>	<i>Aye</i>

2. Review of the board audit report.

Administrative Services Manager Kimberly Ruesch reviewed the Board Audit Report with the Council.

3 Discussion and review of the Boilers area. Boiling Springs Ecosystem and Desert Preserve Niki Warner

Bill Schluper stated he is originally from Chicago. He gave a brief review of his work history. When he decided to get involved in a project in our area, he felt the Boiling Springs Ecosystem and Desert Preserve would be a great research project. He has spent a significant amount of time

working on the 501C-3 setup for the project, which should make the Council feel comfortable, due to the transparency requirements. He anticipates the project bringing many different forms of revenue into Washington City, such as restaurants and hotels. He proceeded with his powerpoint presentation.

Ben Willits stated he came across this project approximately one year ago. He reviewed a powerpoint of the proposed design of the ecoseum.

Katie Baulm stated she was able to do her graduate work at Red Butte Gardens. She knows how cherished they are by a community. She would like to speak about the adventure playground park area, which would remain free and open to the public. She reviewed a powerpoint detailing what an adventure playground includes.

Morris Peacock stated he is a local CPA and was asked to review the financial projections for the proposed project. Approximately one-third of his practice is working with non-profit organizations. They have a very detailed proposal, and financial projections for this project. The financial data is based on tourism. The projections are fairly conservative, which he reviewed through a powerpoint presentation.

David Jones stated he is the Department of Biology Chair for Dixie State University. He envisions the botanical garden to be an educational facility. He reviewed a powerpoint presentation with Council. The envisions creating research opportunities for many different areas, even beyond the University.

Matt Ence stated his firm has been representing the ecoseum group for many years. They have been working on establishing the 501C-3 for the business along with a development agreement, which would be a public-private partnership between Washington City and the Boiling Springs Ecoseum. He briefly reviewed some changes made to the development agreement.

Nikki Warner stated many things have transpired in the past 6 to 8 weeks. This project is about her community. She reviewed her history with Washington City, and her ties to the community along with the boiling springs. The project is about the preservation from damage and disruption. She feels the process is just as important as the result. The last thing she would ever want to happen would be to feel it is an us against them situation. She would like to rally together, rather than fight over the project.

Scott Sandberg stated he is a resident of Washington. They have done a great job presenting, and it could be a wonderful project. However, he would like to know how in debt the City is going to have to go for this venture, and how much water is going to be used for the project.

Ms. Warner stated taxes do not have to be raised. Due to the 501C-3, the venture can collect grants and federal funding, along with donations. There is no obligation to the taxpayers. The Department of Transportation has funding available for restructuring of areas damaged by freeways.

Mr. Sandberg stated anytime you take money from the Government there are always restrictions and requirement.

Ms. Warner stated those restrictions are based on each individual grant. The money is very

specific for what it can be used on. Ultimately, the money is provided by the taxpayer, but it is not in the form of raising taxes.

Mr. Sandberg asked what would happen if the property is liened and if the money coming in does not cover the costs, it then falls upon the taxpayers. It is similar to the Green Spring Golf Course and the Community Center. Neither of those recreation sites cover their costs, and the money is made up by the taxpayer.

Ms. Warner stated these are City ventures, and not a private 501C-3 such as ours.

Mr. Sandberg asked if there is private funding.

Ms. Warner stated their could possibly be private funding, but they will not know until they have secured the property to go out and solicit for funds.

Mr. Sandberg stated people do not do anything without a financial motivation, which he feels would be the case for this project.

Ms. Warner stated people are motivated for the project, and will die for a cause.

Mr. Sandberg asked if these people are donating their time to the project, if the attorney is donating his time.

Mr. Ence stated there is no guarantee for payment. Certainly if the project is approved, they would like to receive payment.

Councilman Turek clarified this is a private entity, and the City portion of the project would be to donate the property.

Ms. Warner explained the City would not donate the property, but rather lease it to the Ecoseum.

Councilman Turek stated they would lease the property for one dollar per year for 100 years. Washington City would receive \$100 dollars in 100 years. Basically, the partnership would be Washington City leasing the property, and the business would fund raise for the buildings, and then any money received would go toward the company.

Ms. Warner stated they believe the citizens of Washington City should own the property forever.

Mr. Sandberg asked how much water will be used on site.

Ms. Warner stated they do not know how much water will be used on site. However, they do know it will not come from the boilers. The water from the boilers will continue to flow downstream as it always has. They only plan to clean up the water.

Councilman Seegmiller stated the initial development agreement included the boilers. However, this Council does not want the water included.

Mr. Ence stated there were concerns of the citizens with regard to the boilers, so it was excluded.

Mr. Sanberg clarified the taxpayers would not be obligated to pay more taxes. However, they would be responsible for the debt of the Ecoseum.

Councilman Seegmiller explained there are some layers to this proposal. The group wants lease a piece of property owned free and clear by the City for one dollar per year. The agreement also talks about water and sewer lines, as well as parking, which they want the City to install.

Mr. Sandberg asked if the shareholders would still get their water.

Councilman Seegmiller stated the agreement does not mention the water.

Dallas Hyland stated he works with the Southern Utah Independent. He explained he has a number of questions for Council.

Mayor Nielson asked if the questions were pertaining to the boilers or the Ecoseum.

Mr. Hyland stated he wanted to ask about the boilers.

Mayor Neilson clearly stated they were only speaking about the ecoseum this evening.

Mr. Hyland stated the questions are related. He asked if Washington City is applying for a jurisdictional designation.

City Manager Roger Carter stated the boilers are currently non-jurisdictional.

Mr. Hyland asked if it had been previously designated.

Public Works Director Mike Shaw stated in 2000 when the boilers were fenced at the direction of the Council, The Corp of Engineers came down from northern Utah, at that time it was designated as non-jurisdictional. The reason for the designation is because the water is for irrigation.

Aneita Millett stated she heard about the project several weeks ago. When she looked at the video of the ecoseum, she was very impressed. Then she heard the City wants to put in a public park. She would like to have an opportunity to work with both. In Washington City, there are twelve wonderful parks. At the boilers we need more than just a public park. It needs to have the gardens. If the City and the Ecoseum could come to an agreement and work together. She would be willing to donate time and finances to help see it through.

Phillip Lee asked where the water would come from for the project.

Ms. Warner explained some water would be culinary. They would also be building cisterns to retain rainfall. In the desert, it is amazing how much rain you can actually collect. Water conservation is at the top of their list.

Mr. Lee stated he has been to botanical gardens. They are beautiful, but water is required. He does not want water to be used from the boilers, and would like it to be spelled out in the agreement no water would ever be used or taken.

Councilman Turek stated there is nowhere in the agreement, which spells out anything from the boilers.

Ms. Warner stated without shares in the water for the boilers, they would not be able to use the water.

Councilman Truman commented some of the questions are likely due to the fact, they have indicated cleaning up the water in the boilers.

Ms. Warner stated cleaning the water is more site management.

Jethro Spencer stated he understands the uses being explained. It is great to have a place for people to connect, however, he would like to ensure there would be language added to the development agreement, which clearly states the water from the boilers would never be used or diminished. Which would include any shares owned by Washington City.

Councilman Truman clarified he likes the project, as long as there is no water used or touched.

Mr. Spencer stated he doesn't know enough about the project to be in favor. He is trusting the Council to review the project, and make the best decisions for the residents of Washington City.

Councilman Truman asked if the project were to bring significant revenue to Washington City, would he then be in favor of using the water in the boilers.

Mr. Spencer stated it definitely would not be worth it.

Penn Smith stated he agrees with the water. He is not opposed to developments, but if the City is not going to build a park on the property, then it be sold to the Ecoseum. He does not feel the City should be in a joint business venture.

Councilman Seegmiller stated we get a significant amount of advocacy of the boilers. However, it comes to a point the Council has to struggle with the a decision about how a citizen would feel if the City were to donate a significant amount of acreage to a non-profit idea. This is a much more difficult decision than just preserving of the spring. Many things are going on with the proposal, and much more than saving the boilers. The City has been saving the spring for years, and there is no plan to change.

Councilman Turek stated he has been concerned with the project as well. There are different options he has thought of, one being parceling off the boilers so at minimum, the water is protected. It would allow the spring to be accessible for maintenance and use by residents, and unencumbered by the project overall.

Councilman Truman stated the water is not going to be affected according to the Ecoseum proposal, and should be included in the development agreement if it were to go forward. He does think the bigger picture is, do we want to create something unique in Washington City, and is the financing going to be feasible. The off-ramps are goals to be reached in the future, which could be a major concern.

Councilman Nisson stated he has a fear of the 99 year lease. There are many things, which could

change in these many years. He also feels the water would eventually be encroached upon with the size of the structure surrounding the spring.

Mr. Ence stated they understand the concerns Council would have about off-ramps. The potential site of the off-ramps would fall under the development area C.

Councilman Truman agreed it is within the very initial portion of the development, and would be a breach of the agreement before the project even gets started.

Mr. Ence stated they are prepared to start the process of discussing the development agreement. The water has been well addressed, and does not feel it would be an issue. The concerns about the water has been well addressed, and is consistent with what the Ecoseums plans. There would be public access to the boilers, and it is addressed in the development agreement.

Kevin Smith asked what type of impact would happen downstream from the project. Would the flow of the water or the quantity be changed.

Councilman Seegmiller explained nothing has been presented at this point that has shown there would be any changes. However, the Council agrees, the water stores or flows are not part of the project at all.

Mr. Smith stated there is 100% guarantee there would be no consequence as a part of the project.

Councilman Seegmiller stated there is not a guarantee on the water flows as season change.

Mr. Smith stated he wants to have the guarantee prior to anything taking place.

Councilman Truman stated the original plan included the boilers. However, they have agreed to leave them out of the plan so the public can continue to enjoy the water.

Roxie Lee commented our community was founded with our agriculture. If the project were to take away from our culture, it would be much more detrimental to our heritage than anything else. The Council should chose to preserve all of the area.

Councilman Seegmiller stated the scope of the project is so large, it includes acreage the City does not even own. He personally would like to note, he would be uncomfortable at this point with the City providing a long term lease on this amount of acreage. He would be happy to entertain a sale of the property if the boilers were excluded from the sale.

City Manager Roger Carter commented since the City would still be the owner of the property, the property tax would be exempt as well.

Councilman Staheli stated he feels this meeting has been very productive. Ultimately, the Council represents the citizens. He is hearing the residents supports the project, but want their water rights preserved. He feels the group could provide stewardship over an important area of Washington City. There are some details to be worked out through the development agreement, but he feels they can be worked out, and he would be in favor of the project. He would like the Council to come to a consensus that addresses the concerns of the citizens, but also allows for the project.

Councilman Turek commented his biggest concern is federal money always has strings. If we want to move forward with this group, then at minimum the boilers need to be parcelled off, so we do not have harm come to us long term.

Councilman Staheli stated the development agreement is about giving the group an opportunity to take on the stewardship.

Councilman Truman stated he sees the Ecoseum group creating a dream for our community. He would like to see Council move forward on the development agreement. He realizes it is City property, but it could be sold to the group. It is up to Council to determine if the City would get their return from sales tax.

Darlene Miller stated it was her understanding the boilers closed because there were two drownings there, and there was also a parasite in the water. She would like to know who is going to police the area.

Councilman Seegmiller stated we have a Police Department who will be policing the area. However, drowning has always been concern, even when he was a young child.

Bill Hudson stated he believes in this project, and feels it would have a huge impact on Washington City. A public/private partnership would be beneficial to help protect the citizens and it would keep the project honest. He feels the project would add to the community, and will keep the boilers clean. If it were turned into a traditional commercial property, he feels it would diminish the boilers greatly.

Mayor Neilson asked for the development agreement be placed on the next regular meeting to take action.

**4. Discussion and review of Utility Financial Services Cost of Service presentation.
Power Director Kelly Carlson**

Power Department Director Kelly Carlson introduced Mike Bosha. Mr. Bosha will be reviewing a Cost of Services powerpoint presentation with Council.

Councilman Seegmiller asked what is causing the expenses to raise so quickly to cause such a deficit in the funds.

Mr. Bosha stated they do their own projections, and there are certain assumptions, which are made. If you grow, your power supply costs are going to be higher, which then affects your labor and costs. He continued his presentation.

Councilman Nisson asked for rates in adjacent Cities, along with the percentage of Washington City residents on Dixie Escalante Power.

Power Director Carlson reviewed those totals with Council.

Councilman Staheli clarified the impacts would be funded by impact fees and rate.

Power Director Carlson stated enough impact fee has not been collected over time to offset the costs. In addition, Santa Clara and Hurricane City are here tonight because they are having the same issues, and are doing the same study because they are going to be increasing rates as well.

Mr. Bosha continued his review with Council.

Councilman Truman asked if the efficiency of our operations have been evaluated to see if there is cost savings there as opposed to rate increases.

Mr. Bosha explain it has not been done, but based on the study, 70% is the cost of power, which is not controllable.

Councilman Truman commented we still want to make sure we are as efficient as possible.

Councilman Staheli stated he feels blindsided with this situation. He thought they were sitting pretty good with power.

Power Director Carlson stated there are a couple of reasons for the situation. The transmission rates have skyrocketed, and there is going to be another rate hike. We have taken on additional debt that was not planned for, such as the Siemens project.

Councilman Staheli stated he thought we were supposed to recover money from the Siemens Project.

Power Director Carlson asked how we would be recovering this money.

City Manager Carter commented the savings will be in purchasing less resources over time. The generation plan helps with our peak power, but we still have a wholesale power problem.

Councilman Seegmiller asked why it was not shown the Siemens project would have a budgetary impact.

Mr. Bosha explained the Siemens project, and the initial impact is sometimes not fully understood. There will be a savings over time, but it will not be seen immediately.

Councilman Staheli stated they probably should have vetted the project better, in order to understand.

Mr. Bosha continues his review on increasing the power rates. It would be best to either increase the rates in April or wait until September. If rates are increased in July because this is the highest power usage month of the year.

Council discussed the total rate increase over a period of 5 years.

Mr. Bosha clarified at this point, they are only looking at the rate increase for one year. He is uncomfortable planning an increase over a 5 year time frame. The most he would be willing to do is 3 years.

Councilman Turek stated the residents we serve feel every penny we take from them. They are

in a lower demographic, and he is very concerned for them. Unfortunately, it does not look like there is going to be any other alternatives to offset some of the costs.

Councilman Truman stated regardless of the decision made, we need to make sure we are as efficient as possible.

Council discussed the rate structure for commercial locations.

Mr. Bosha stated he would take Councils comments and design a rate structure for their review.

**5. Discussion and review of proposed 5-Year Capital Plan for the years 2016-2021.
Administrative Services Manager Kimberly Ruesch**

Administrative Services Manager Kimber Ruesch reviewed a powerpoint of the proposed 5-year Capital Plan.

Councilman Truman asked if the Historical Society was still interested in purchasing the Covington Home.

Councilman Turek stated they had mentioned they were interested in purchasing the building.

Administrative Services Manager Ruesch asked if the Council would like to move forward with the repairs to the front of the building. The costs are anticipated to be approximately \$15,000.

Councilman Truman stated if the Historical Society is willing to purchase the building, and Washington City has yet to designate a role for the property, then he would prefer not putting any additional money repairs.

Councilman Turek commented he felt the \$15,000 in repairs could be recouped in the sale of the property.

Councilman Staheli asked what would happen to the Youth Council if the Covington Home were to be sold.

Councilman Turek stated the Youth Council met at the City Offices prior to the purchase of the Covington Home. They could also meet at the Community Center.

City Attorney Jeff Starkey stated he felt the Historical Society would be willing to let the Youth Council continue to meet in the Covington Home.

Councilman Truman noted he would not be in favor of putting additional money into the Covington Home if selling is a possibility.

Councilman Staheli asked about the Leisure Services Department using Rap Tax money for some of the upgrades, which need to be done.

Administrative Services Manager Ruesch reviewed the Veterans Park with Council, and the possibility of using the Rap Tax to help with the remodel. She then continued her review of the Capital Plan.

City Manager Carter recommended to Council the replacement of the Fire Engine, currently scheduled for 2018, be moved up to 2016. The engine they currently own would be kept, which would be beneficial to Washington City. However, the purchase of a new one is going to be necessary.

Administrative Services Manager Ruesch continued her review of the Capital Plan for Public Works projects.

Public Works Director Mike Shaw reviewed the plans on Open House for residents in order to get input for the implementation of a Special Service Area for the downtown, in order to place curb, gutter and sidewalk. He then continued reviewing the Capital Plan for Public Works projects.

Council discussed the process and funding for the future Exit 11.

Public Works Director Shaw completed his review of the Capital Plan for Public Works for the upcoming year.

6. Adjournment

Councilman Turek made a motion to adjourn the meeting. Councilman Seegmiller seconded the motion; which passed with the following roll call vote:

<i>Councilman Nisson</i>	<i>Aye</i>
<i>Councilman Seegmiller</i>	<i>Aye</i>
<i>Councilman Staheli</i>	<i>Aye</i>
<i>Councilman Truman</i>	<i>Aye</i>
<i>Councilman Turek</i>	<i>Aye</i>

Meeting adjourned at 10:03 P.M.

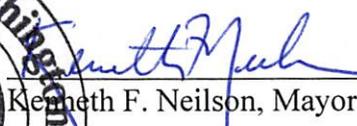
Passed and approved this 11th day of March 2015.

Washington City

Attest by:


Danice B. Bulloch, CMC
City Recorder




Kenneth F. Neilson, Mayor